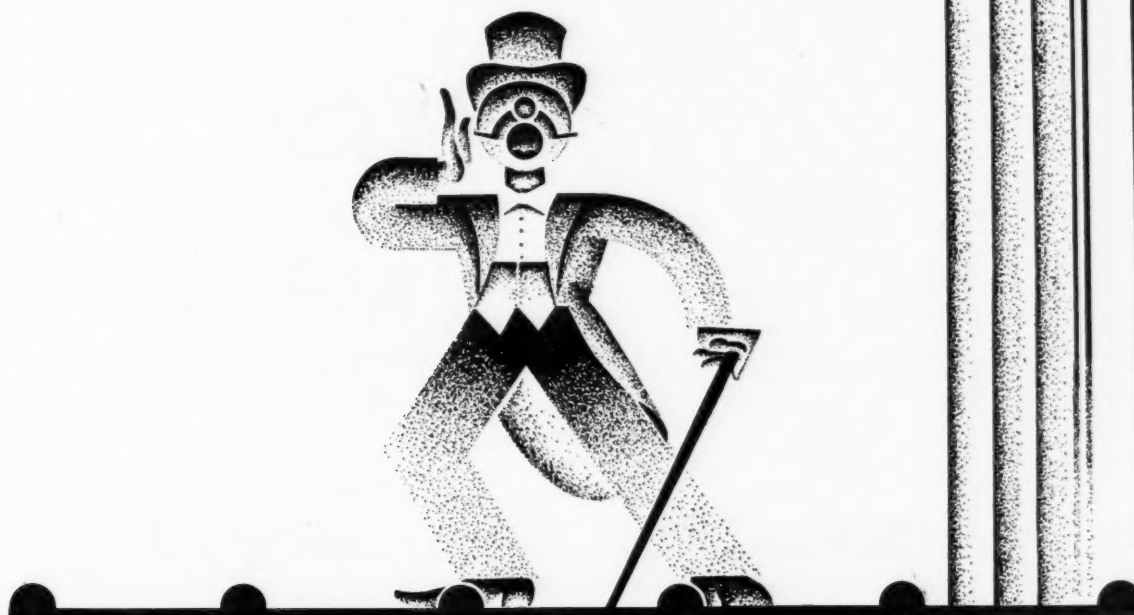


# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, MAY 25, 1933

## IS THERE A DOCTOR IN THE HOUSE?



THERE probably is. Doctors, lawyers, dentists, teachers, architects . . . you'll find them in almost any theatre audience. They like good entertainment. They can afford it. They like good insurance too. And they can afford it.

All of which being true, we decided to "Consider the Professional Man" in the current issue of *The Employers' Pioneer*. Every one of his insurance needs is pointed out and discussed in this issue; insurance for his home, for his car, his office, his income—a complete survey in one book. If it does nothing else it should reassure you that there is business to be written today, tomorrow, and always. Why not get your share of it?

Perhaps the article entitled "Why I Carry Accident Insurance" which is written by some of the professional men

themselves, will interest you the most. Perhaps you'd rather read the reasons why the professional man is a good prospect for the burglar, and for Burglary Insurance. It might be that the arguments used in the *Pioneer* are just the arguments you need to convince the professional man in your community that this, that and the other coverage should be purchased by him.

Whatever it is, we've got a hunch that there is something in the current issue of *The Employers' Pioneer* which will be of interest to you and which will help you. There is only one way to find out. That is to read it and see. We'll be glad to send you a copy. There is no obligation on your part. All you have to do is write to The Publicity Department, 110 Milk Street, Boston, Massachusetts.



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|---------------------------------|--------------|
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| CAPITAL . . . . .               | \$ 7,500,000 |
| POLICY-HOLDERS' SURPLUS . . . . | \$21,803,299 |

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CHARLOTTE, N. C.

THE NATIONAL UNDERWRITER. Published weekly (with one additional issue in April) by The National Underwriter Company. Office of publication, 175 W. Jackson Blvd., Chicago, Ill. Thirty-seventh year. No. 21. Thursday, May 25, 1933. \$4.00 a year, 20 cents per copy. Entered as second-class matter, April 25, 1931, at postoffice at Chicago, Illinois, under act of March 3, 1879.

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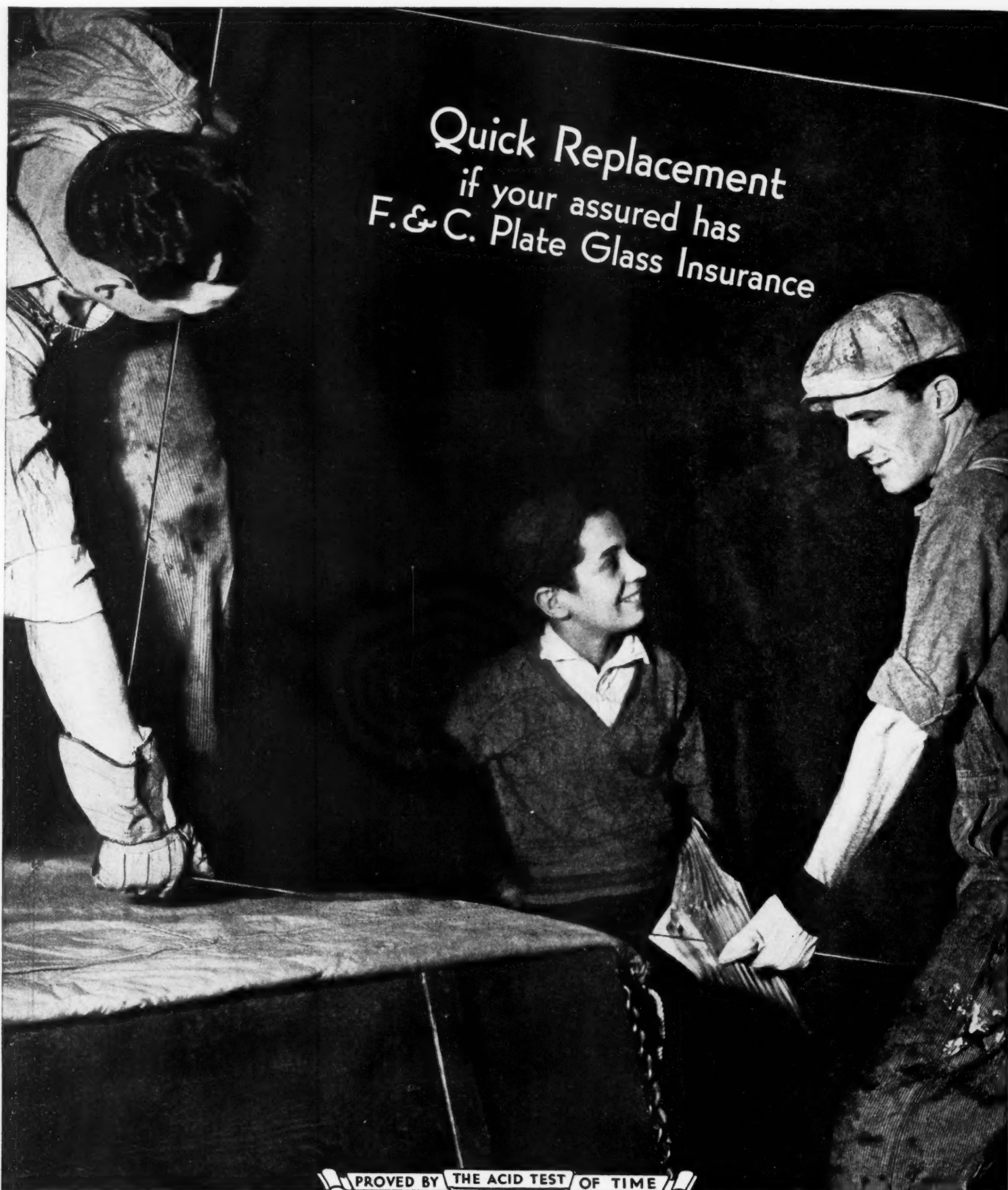
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DALLAS

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# The National Underwriter

Thirty-Seventh Year—No. 21

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, MAY 25, 1933

\$4.00 Per Year, 20 Cents a Copy

## Create Bureau to Scan Agency Cost

Stecker Elected President by General Agents Association in Atlanta Meeting

### APPROVE QUIN'S IDEAS

Gandy's and Hines' Talks Provoke Interesting Discussion by Leigh, Shepherd and English

#### NEW OFFICERS ELECTED

President—Henry A. Steckler, New Orleans.  
First vice-president—William Deans, San Francisco (reelected).  
Second vice-president—John L. Holmes, Atlanta.  
Secretary-Treasurer—George E. Edmonson, Tampa, Fla.

ATLANTA, May 24.—A central bureau for compiling statistics relating to cost of general agency operations was created by the American Association of Insurance General Agents in the annual meeting here. Great interest centered in the discussions of changing conditions, current problems and their solutions. So interesting were the deliberations that instead of adjourning with the morning session of the second day, the convention was continued on until 4 o'clock in the afternoon.

Mr. Steckler, the new president, is the former secretary-treasurer. The chairman and members of the executive committee are selected by the president.

#### Adopt President's Program

The only business transactions of the association, besides the routine adoption of reports, were the creation of the statistical bureau, the adoption of an emblem, the nature of which will be determined later, and establishment of a casualty and surety conference committee, all of which were recommended in the address of Retiring President Langdon C. Quin of Atlanta.

Sensing the need of some actuarial system by which the association members might have an exchange of mutual benefit with regard to operating costs, President Quin recommended the creation of what he termed "an actuarial committee." The association for the sake of conservation delegated these duties to the general welfare committee.

#### Functions of New Bureau

The statistical bureau, as it may be termed, which will be under the supervision of the general welfare committee, will confine itself entirely to the compilation and furnishing of statistics to individual members with regard to the various items of expense that go toward making up the operation cost of a general agency plant. Questionnaires will be submitted to members, and the general welfare committee, acting as the

(CONTINUED ON PAGE 33)

## Large Buyers Probe Many Phases of the Business

The scope and variety of questions discussed at the American Management Association's insurance division meeting in New York City may be taken as evidence of the widening interest in intelligent insurance-buying in industry and commerce. The favorable reaction to the proposal, made by P. D. Betterley of Graton & Knight, vice-president of the association in charge of the insurance division, for a central insurance research bureau was indicative of the interest of insurance-buyers in broadening their knowledge in this field.

The coinsurance clause came in for a good deal of comment, not all of it favorable. One of those present remarked that it "engenders a great deal of feeling that is not good for either the companies or the policyholders." Another pointed out, however, that the valued policy may be satisfactory for some needs but analysis must determine which is the best form of coverage and there is no need for carrying "peak load" coverages at all times to take care of the average loss which is likely to be sustained.

#### Pro Rata Cancellation

Discussion of pro rata cancellation centered around a possible method for permitting pro rata rather than short rate cancellation where it is necessary to decrease coverage to conform with changes in stocks, etc. While the value of the short rate provision to protect insurance companies from "raiding" was admitted, it was suggested that the matter be taken up with the Insurance Executives Association with the idea of working out some plan whereby normal and legitimate cancellations to cover fluctuations in values might be made pro rata rather than short rate.

Lack of uniformity in regulations in various sections of the country is regarded as a serious problem by representatives of companies having plants in more than one state. The suggestion was made that this situation can best be corrected by intelligent pressure from insurance buyers. One speaker urged the desirability of closing up the lag between requirements of industry and commerce, which are constantly changing, and the more static condition of insurance, in which changes are made to conform with the changing conditions of the various risks covered, but with a certain amount of delay.

#### Out-of-Use Plants

Many of those present were interested in the problem of getting coverage on an out-of-use plant which would insure it for more than its junk value. Here again, the advisability of having a prior agreement with the underwriters and adjusters was stressed. Because of the number of plants shut down on account of business conditions the problem of insuring such plants has been troublesome.

In the discussion of multiple line floaters the question was raised as to whether such insurance would be satisfactory to the mortgagee in all cases. An insurance representative pointed out that such coverage was considered satisfactory by those holding mortgages on stocks of goods and presumably it would be acceptable to those holding liens on other property. The value of the multiple line floater where the insurance buyer has a comparatively small amount of time for his insurance duties was pointed out by another speaker.

What to do with nationally advertised

(CONTINUED ON PAGE 18)

## Expect New Truck Rules to Aid Sales

Elimination of Shipper's Endorsement Seen as Opening Big Field for Agents

### REVIVAL OF BUSINESS

Underwriters Grateful for Mandatory Regulations Effective July 1 Ending Burdensome Practice

NEW YORK, May 24.—Marine underwriters are preparing for a revival of business among shippers using truck lines, as the present practice of permitting truckmen's cargo policies to be endorsed to cover the shipper's interest will be discontinued July 1.

Some of the larger shippers may elect to assume their own risks, especially where their shipments are not so concentrated as to result in a staggering loss in case of accident, but it is expected that there will be many who will prefer to have their goods covered in transit by insurance rather than to try self-insurance or rely on collecting from the truckman in case of accident. In many cases the truckman limits his liability to \$50 per shipment and even if he did not, most trucking concerns are not of a size to hold out much hope of the shipper's recovering his loss if it were very extensive.

#### Endorsements Became Burdensome

Trucking risks have never proved profitable to the companies and the shipper's interest endorsement, as its use became more and more widespread, grew to be an additional expense and a considerable complication. One policy might have 300 endorsements for shippers on it. In the event of cancellations, and in some cases even for changes, shippers had to be given 10 days notice. If a truckman canceled his policy, for example, it would leave the company on the risk as far as the shippers were concerned until they had all been notified and the period of notice had expired.

Even though the truckman might have limited his liability to the shipper to \$50 per shipment, the fact that with the endorsement the policy covers the interest of the shipper makes it difficult and in some cases impossible for the company to hold its own liability to the shipper to such a limit.

#### Limited Sale of Coverage

The widespread use of the endorsement naturally had a very adverse effect on the sale of transportation insurance to shippers, since they could be covered at no cost by the endorsement if the truckman carried cargo liability insurance.

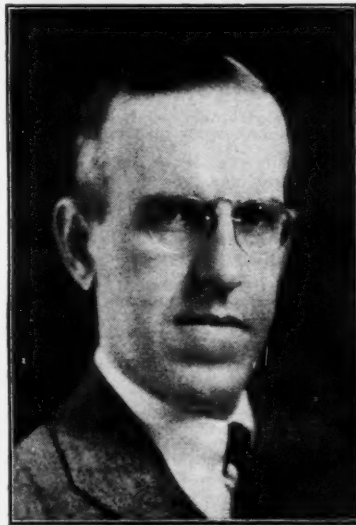
Abandonment of this endorsement is probably a forerunner of other restrictions and rate increases which are bound

(CONTINUED ON PAGE 18)

## American General Agents Meet



HENRY A. STECKLER, New Orleans  
New President



LANGDON C. QUIN, Atlanta  
Retiring President

## Ralph Rawlings Again Is President of the W. I. B.

Ralph Rawlings, head of the Monarch Fire of Cleveland, was reelected president and all other officers were reelected at the annual meeting of the Western Insurance Bureau at French Lick, Ind. H. A. Clark, western manager of the Firemen's, is chairman of the board; A. F. James, president Northwestern National, and E. E. Soenke, secretary Security of Iowa, are the vice-presidents. F. S. Danforth, president of the Millers National, is treasurer and Fred C. Schad is secretary.

The annual meeting of the Western Sprinkled Risk Association was held at the same time and all officers of that organization were reelected. Mr. Rawlings is president; Mr. Clark, chairman of the board, and Mr. Danforth, treasurer. The vice-presidents are H. J. Thomsen of the Corroon & Reynolds organization and J. L. Leffson of the Merchants of New York. R. L. Rumbaugh is manager.

### Corroon & Reynolds Men

In addition to the regular bureau members, four representatives of the Corroon & Reynolds group went to French Lick for the sprinkled risk association meeting. They were E. S. Inglis, vice-president, R. R. Wilde, general agent, H. J. Thomsen, general agent for the eastern department, and Frank L. Stabler, special representative with headquarters at Louisville.

Members were well pleased with the record of the sprinkled risk association, the loss ratio for the past year having been exceedingly low.

Much interest was shown in the address of Fred D. Silber of Chicago, general counsel for the bureau. He reviewed the general tendency at this time to increase taxes and gave a lengthy summary of the Cook County, Ill., tax situation. Litigation, he said, may be required before the 1931 net receipts tax in Cook County is settled. Efforts will probably be made to get a certificate of error from the tax authorities.

### Advance Agreement Wanted

He expressed hope that the 1932 and 1933 taxes may be adjusted by some agreement in advance. There is now controversy over the deduction to be allowed for expenses in calculating the net receipts subject to tax. For the 1931 schedules the tax authorities are willing to allow only 30 percent of the gross premiums for expenses, although they have agreed to allow 50 percent deduction for 1932.

Mr. Silber also cited the recent activities of H. B. Seeley, tax ferret, who is seeking to have the net receipts tax or its equivalent applied to domestic fire, casualty and life companies. Heretofore his activities have been directed only against foreign fire companies.

Mr. Silber analyzed some phases of inflation, pointing out that it will be important for investors to recognize when the inflationary process comes to an end and appreciation in the value of securities is halted.

### J. V. Parker Appears

J. V. Parker, manager of the Western Actuarial Bureau, appeared before the bureau and reviewed the Missouri rate situation, the developments as to the vacancy and unoccupancy clause and the Illinois tax situation. Mr. Parker also explained to the satisfaction of the bureau the question that had been raised as to the actuarial bureau promulgating rule book changes without notifying the directors of the W. I. B. Mr. Parker said that this was only done where speed was necessary and where the principle of the change had been approved in advance by the directors of the W. I. B., although the details had not been officially endorsed.

Mr. Parker informed the members of

the recent Missouri supreme court decision, which allowed the companies to intervene in the so-called prohibition proceedings, and make them parties to the litigation. Theretofore the litigation was between the state and the circuit judge. Now the companies are added as parties. The issue in this case is whether the companies should be permitted to go ahead and collect the 16 2/3 percent rate increase in Missouri and impound that amount of the premium.

In the quo warranto action, the Missouri supreme court has denied the petition of the state for an order, which would have limited the proof the companies might offer.

### Commission Scale Clarified

A slight change in the nature of clarification of the commission scale was adopted. The altered portion formerly read: "Mercantile risks when written blanket covering buildings and contents take the same rate of commission as allowed on contents."

This item now reads: "Mercantile risks when written blanket covering buildings and stocks of merchandise take the same rate of commission as allowed on contents."

Favorable attention was given to the agency agreement, recently put out for optional use by the Western Underwriters Association and it was referred to the executive committee of the bureau for consideration. The likelihood is that the bureau will adopt a similar form.

Ralph Danforth, assistant secretary of the Millers National, reported for the field club committee. He recalled that the sectional field club outings, which

(CONTINUED ON PAGE 31)

## Bennett Tells How Bank Amendment Efforts Succeeded

The National Association of Insurance Agents successful efforts in securing the insurance amendment to the Glass-Steagall banking bill, were related by Walter H. Bennett, secretary-counsel, at the New York State Association of Local Agents' annual meeting in New York City. Under the provisions of the amendment, no member of the federal reserve system will be permitted to engage directly or indirectly in the insurance business.

National association members contacted their representatives in Congress, giving them a full understanding of the banking-insurance situation. Mr. Bennett went to Washington and contacted different congressmen, senators and members of the committees on banking and currency. Many of these men said that they knew nothing about the banking-insurance situation but that they were sympathetic with keeping bankers in the banking without any outside alliances. Mr. Bennett quoted a number of favorable statements made by the different solons.

### Public Welfare at Stake

One senator commented favorably on the agents basing their arguments for the amendment on the public welfare angle rather than for the aid of any particular business. "The agent knows," said Mr. Bennett, "that the bank agency pulls premiums through its loaning power, and deprives the public of the right of selectivity in placing insurance on its property. The public deserves the best of insurance protection and that comes only through the skilled insurance agent." He urged the agents to tell their congressmen of the situation.

(CONTINUED ON PAGE 31)

## Texas President on Timely Issues

A. D. Langham Gives Observations Before the State Local Agents Meeting

### DEALS WITH LIVE TOPICS

Declares Men Out on the Producing End Can Cooperate in Reducing Expense

A. D. Langham, president Texas Association of Insurance Agents, at its annual meeting said there is much improvement to be made in the agents' license law of his state. He thinks there should be a clearer definition of a local agent and a solicitor. Second, it should provide for the licensing of mutual, reciprocal and Lloyds' agents. He thinks there needs to be clarification in some sections so that the interpretation of the insurance department may be in accord with the understanding of the legislature. Mr. Langham said that he is in favor of the qualification standard for agents. The licensed agent has much responsibility. He should be competent and he should be familiar with insurance contracts and principles. He said that frequently unfit agents make mistakes in policies and the improper handling of insurance creates prejudice with the policyholders.

### Question of Over-Insurance

President Langham said that the question that seems paramount in the minds of legislators is the question of over-insurance. They seem interested in trying to meet the problem by law. He said that in his estimation it can be solved by the enactment of a law reading, "In the event of a fire loss on property burned in this state it shall be unlawful for an insurance company to pay more than the sound value of the property at the time of the loss."

President Langham resents the accusation often made that practically all local agents are bankrupt. He said that this is an unwarranted aspersion on the men out on the firing line.

### Responsibility of an Agent

Dealing with the question of legal or moral responsibility of the agent to replace at his own expense policies of a failed company, he said that if a policy has been placed with a reputable company which has been licensed in the state and the agent has used due diligence in the selection of his company, he should not be called upon to replace policies at his own expense. An agent, he said, should not attempt to guarantee the financial responsibility of a company. The state insurance department, he said, should assume greater responsibility when licensing companies.

### Local Agents Can Assist

He said the local agents are in a position to assist companies in their program for reducing operating cost. Some things that agents can do are to report business in such a way that the company will not have to write so many letters about it; secondly, by eliminating the number of not taken policies; thirdly, by reducing the number of policies canceled for nonpayment of premium and then to prevent further taxation of insurance.

In speaking of branch offices he said that in Texas the majority of agents have given the question little thought because with the exception of Dallas and Houston they do not come in con-

(CONTINUED ON PAGE 31)

## THE WEEK IN INSURANCE

Annual meeting of the American Association of Insurance General Agents was held this week at Atlanta. **Page 3**

Elimination of shippers' endorsement in trucking policies effective July 1 expected to create much business for producers. **Page 3**

Informal discussion at meeting of insurance division of American Management Association shows that the large buyers are interested in many phases of insurance. **Page 3**

The Globe & Rutgers is given an additional two weeks in which to complete reorganization plans. **Page 6**

V. S. Pearson elected president of the Arkansas Association of Insurance Agents at annual meeting. **Page 5**

Annual meeting of the New York State Association of Local Agents was held this week in New York City. **Page 5**

Special mass meeting held by Ohio agents to take action on pertinent problems. **Page 5**

Ralph Rawlings was reelected president and all other officers were reelected at annual meeting of Western Insurance Bureau. **Page 4**

Stricter underwriting and not increased rates is solution to the farm loss situation, Fred J. Marshall reports at the New York agents meeting. **Page 12**

Program for the banquet in honor of Superintendent Palmer of Illinois is announced by the general committee. **Page 10**

James Cravens, in address before the American Association of Insurance General Agents, expresses the belief that the process of unification in business must be extended to insurance operations. **Page 10**

Program for the annual meeting of the National Convention of Insurance Commissioners in Chicago is announced. **Page 10**

Over 200 expected at National Board's annual meeting in New York. **Page 12**

J. H. Hines, southern manager Crum & Foster companies, explains the new S. E. U. A. balance rule in talk before the American Association of Insurance General Agents. **Page 10**

Annual meeting of the Southeastern Underwriters Association will be held at Virginia Beach, Va., June 7. **Page 11**

A. D. Langham, president Texas Association of Insurance Agents, makes some interesting comment in his annual address. **Page 4**

F. W. Pascoe Rutter, chairman of the London & Lancashire at its head office, comments in his annual report on underwriting conditions. **Page 21**

The National Underwriter establishes a New England news and business bureau at Hartford in charge of Ralph E. Richman, who has been manager at the Cincinnati office. **Page 13**

North Carolina Association of Insurance Agents is holding its annual meeting this week at Winston-Salem. **Page 26**

Vincent Cullen is elected president of the National Surety, W. B. Joyce retiring from active management and E. M. Allen becoming executive vice-president in charge of agencies. **Page 37**

Program announced for annual meeting of National Association of Accident & Health Managers. **Page 39**

C. B. Morcom has been elected president of the Association of Casualty & Surety Executives. **Page 30**

Details of plan for refinancing mortgages guaranteed by surety companies with R. F. C. aid are announced. **Page 38**

Baukers Indemnity has joined the National Bureau of Casualty & Surety Underwriters. **Page 38**



# Agency Sessions Held on Many Fronts

## Pearson to Head Arkansas Agents

Manager Plan Proving Successful  
—Membership and Local  
Boards Increasing

## SEEK UNIFORM POLICIES

Silliman Gives Presidential Report—  
Gandy Principal Speaker—Urge Care-  
ful Underwriting to Check Losses

**NEW OFFICERS ELECTED**  
President—V. S. Pearson, Little Rock.  
Vice-President—Wainwright Martin,  
Texarkana.  
Secretary—C. C. Mitchener, Marianna.

By DOROTHY B. PAUL

HOT SPRINGS, ARK., May 24.—V. S. Pearson, Little Rock, was elected president of the Arkansas Association of Insurance Agents at its annual meeting here. In his presidential report W. E. Silliman told of the efforts to secure the adoption of a uniform policy and although the desired end is not yet wholly accomplished, the association succeeded in securing a reduction in the number of policy forms. The reorganization plan to build up the membership and establish local exchanges adopted last year, is on its way to complete success through the direction of L. R. Martin, manager of the association.

Mr. Silliman reported on the conferences with the company advisory committee and urged the continuance of these meetings in order to improve conditions and practices. Constructive group meetings have been held during the year. Mr. Silliman said that if the manager plan is continued another year a majority of the state's good agents will be in the organization. Mr. Silliman urged the necessity and importance of every agent underwriting his business.

(CONTINUED ON PAGE 29)

## Landry Reelected President of the Oregon Agents Union

ANNUAL MEETING AT EUGENE

Pratt Tells of Conference Committee's Work—Growney Discusses Rates—  
Wells Makes Recommendations

By F. K. HASKELL

EUGENE, ORE., May 24.—Paul O. Landry, Klamath Falls, was reelected president by the Oregon Insurance Agents Union at its annual meeting here. Others reelected were: Charles Sigman, Eugene, secretary-treasurer; Merrill O. Ohling, Salem, chairman executive committee, and J. K. Pratt, national councillor.

President Landry said the two outstanding problems were the elimination of bank agencies and the separation of local and general agencies. He said it was time for Oregon local agents to classify their general agents as well as their companies and ascertain exactly where each one stood. Mr. Ohling reported for the executive committee and Mr. Sigman presented his secretary-treasurer's report.

### Conference Committee Active

National Councillor Pratt told of the activities of the National association, especially that of the conference committee. He said the conference committee is responsible for the agents not receiving a cut in commission on farm business and he told of the program being worked out with the companies for better farm underwriting. He also discussed the conference committee's work on inland marine and reinsurance, banking laws and branch offices. He said incomplete returns of the National association's branch office survey showed 342 production branch offices representing 124 companies. Mr. Pratt urged the importance of the Portland Insurance Exchange joining the Oregon union. Agents must be organized 100 percent to cope with current problems, he said.

Commissioner A. H. Averill offered cooperation to the agents in upbuilding the business and to give close attention to attempts of unsound companies to

(CONTINUED ON PAGE 30)

## Ohio Agents Hold Special Meeting in Springfield

By C. C. CROCKER

SPRINGFIELD, O., May 24.—Ohio agents met here at the invitation of the Springfield Board to discuss current problems.

In order to facilitate action, the Springfield Board presented seven resolutions to the meeting, five of which were passed. These included resolutions asking that the companies include the automatic cancellation clause in all policies, that policies be cancelled flat if returned within 30 days from the date the policies are issued, that the companies take some definite uniform stand on cigarette or scorch claims, that companies discontinue the practice of having salaried representatives sign policies and that the companies discontinue the practice of "excepted cities" and place the entire state on a flat or graded scale of commission.

The credit situation was the primary subject and the automatic cancellation resolution was thoroughly discussed and debated. A 60 day period was originally fixed for automatic cancellation, but in the course of debate it was amended to read "30, 45 or 60 days." The resolution further said that where a policy is cancelled for non-payment of premiums that it should not be reinstated unless paid for within a grace period of not more than three days.

### Firm About Clause

Ohio agents are firm in their desire of getting the companies to agree on the automatic cancellation clause and the resolution specified that for the present no action would be taken to urge the state legislature to act, until the companies have been given a reasonable opportunity to work out some plan. The Springfield Board recently sent out telegrams to some 60 companies operating in the state and asked them whether they would favor this clause. The replies from these companies were unanimously in favor of an adoption of some such plan.

The resolution calling for a flat cancellation within 30 days from the date of

(CONTINUED ON PAGE 29)

## Closer Regulation Seen by Goodwin

Leader Leans Favorably to Government Control of Business

## ADDRESSES N. Y. AGENTS

Gildersleeve Reelected President N. Y. State Association of Local Agents—  
Van Schaick Is Heard

By R. B. MITCHELL

NEW YORK, May 24.—Predicting that business cannot escape a measure of governmental control, Percy H. Goodwin, former president of the National Association of Insurance Agents, told members of the New York State Association of Local Agents that insurance agents should act at once through their associations to strengthen the national organization's position as the recognized spokesman of producing agents generally. If the National Association is to carry the weight that it should in its contacts with government regulatory agencies, it must have the foresight to lead unselfishly in all matters for the good of insurance and the insuring public. To attain this standing in the eyes of the public and the government, agents must develop such recognition first in their respective communities by increasing the membership of their associations and by setting a high standard of leadership, Mr. Goodwin said.

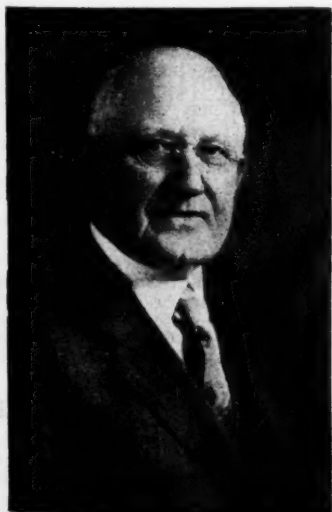
### Government and Business

He predicted that business would never go back to the old unregulated days of 1929 and earlier and quoted authorities in close contact with Washington to support this view.

"We have heard a great deal about keeping the government out of business," Mr. Goodwin said, "but when

(CONTINUED ON PAGE 8)

## National Board Meeting Being Held This Week



C. WESTON BAILEY, Newark, N. J.  
President



RALPH B. IVES, Hartford  
Vice-President



GEORGE C. LONG, JR., Hartford  
Chairman Executive Committee



W. E. MALLALIEN, New York City  
General Manager



## Find Some Public Adjusters Filing Loss Proofs Direct

### LOSS CLERKS ARE DECEIVED

Observation of H. A. Clark at W. I. B.  
Meeting Is Confirmed by Experience of Others

The observation of H. A. Clark in his address before the annual meeting of the Western Insurance Bureau that public adjusters are filing a good many proofs of loss direct with the company is confirmed by the experience of others. Several times loss clerks have overlooked the fact that these proofs have not been approved by the company adjuster and drafts were sent out in payment.

Sometimes the public adjuster gets hold of the forms for filing proof of adjustment organizations. Some of the public adjusters are former company men and know the technique of preparing a statement in a form that makes it appear to come from a company representative. If the loss clerk is careless and the proof looks complete, he

puts it in line for payment, knowing that there is an open loss pocket.

In most of these cases, the companies that were deceived were those that do not have western departments, the public adjuster sending the proofs direct to the home office in the east. However, some western departments have also been victimized.

These proofs are filed by the public adjuster, usually in the midst of negotiations with the company adjuster over a loss. In most cases the loss is highly controversial.

Some companies have issued special instructions to their loss departments because of this development.

## House Eliminates Salary Limit in Fletcher Bill

WASHINGTON, May 24.—Eliminating the Senate provision that the Reconstruction Finance Corporation hereafter shall make no loans to organizations whose officials receive more than \$17,500 a year compensation, and providing instead that loans shall be limited to corporations where the salaries paid "appear reasonable," the House banking and currency committee has reported favorably on the Fletcher bill

already passed by the Senate, authorizing the R. F. C. to purchase the preferred stock, bonds or debentures of insurance companies which are in need of additional capital.

The committee reduced the amount to be expended for this purpose from \$100,000,000 to \$50,000,000.

## Mutual Groups to Gather in Minneapolis Oct. 9-12

Decision was reached at a special meeting of the executive committee of the National Association of Mutual Insurance Companies to hold the annual meeting of that organization in Minneapolis Oct. 9-12. As usual, the Federation of Mutual Fire Insurance Companies will hold its annual meeting at the same time. President Harry W. Harrison of Worcester, Mass., presided at the Chicago sessions.

### Northwest Mutuals' Meeting

The annual convention of the Northwestern Association of Mutual Insurance Companies will be held at Minneapolis, June 5-6. Hjalmar L. Hjermsstad of Red Wing, Minn., is president and S. T. Sager is secretary.

## G. & R. Gets Two Weeks in Which to Complete Plan

### COURT GRANTS EXTENSION

Rehabilitation Committee Sets Forth  
Success in Program to Get Assents  
from Agents, Brokers, Assureds

NEW YORK, May 24.—Additional time has been granted the rehabilitation committee of the Globe & Rutgers within which to secure, if possible, such further data as will convince the court of the effectiveness of its program. Supreme Court Justice Frankenthaler, after perusing the several affidavits with attached exhibits, and hearing argument by counsel for the committee and those representing the department, stated he would render decision in two weeks. The department was allowed seven days within which to file an answering brief to those submitted for the company and the rehabilitation committee three days to reply in turn.

The brief presented by W. Gilmour, chairman of the rehabilitation committee, was extended, reviewing the progress of the company since it was placed in the hands of the insurance department the latter part of March, and attaching a statement by Vice-President J. D. Lester, setting forth the success achieved in securing assents from brokers, agents and assureds in all parts of the country to the reorganization plan. Mr. Lester estimated the Globe & Rutgers had communicated with approximately 5,000 agents and brokers, who in turn represented close to 400,000 creditors. Assents to the rehabilitation plan, he stated, had been secured aggregating \$4,178,675 and telegrams and letters pledging an additional \$289,895 were in the mail.

### List of Creditors

The list of creditors that have formally endorsed the plan included industrial corporations, banks and trust companies, insurance companies, agents and brokers and individual property owners. The insurance companies named include the St. Paul Fire & Marine, North River, Richmond, United States Fire, Pacific, Allermannia, British American, U. S. Merchants & Shippers, Lincoln, Indiana, Homeseekers, Skandinavica, Standard of New Jersey, State of Pennsylvania, American Home and National Fire & Marine.

The market value of the securities held by the company, it was set forth, had increased very substantially in the past two weeks, though no credit was taken for reinsurances due from non-admitted companies. Were the securities to be valued upon the convention basis, the G. & R., instead of being "in the red" to the tune of less than \$600,000, would probably show a clear, though slight, net surplus.

The objection voiced by two prominent brokerage houses of this city to the plan of reorganization as originally prepared is not deemed serious, the committee having assented to those changes held by the brokers to be the most important.

In seeking further time Mr. Gilmour maintained that no interest could be prejudiced thereby. "While the company remains in rehabilitation in charge of the superintendent of insurance," whereas, if liquidation were determined on, it "would not be in conformity with the constructive efforts now being made by all important interests in the country under the administration leadership."

### Hougaard General Agency Sold

The John A. Hougaard general agency of San Francisco, representing the Rhode Island and Pacific Underwriters of the Northern of New York, has been purchased by Fred S. James & Co. Mr. Hougaard will become associated with James & Co.

# back of the policy---

## Financial Statement

December 31, 1932

### ASSETS

|   |                        |
|---|------------------------|
| Cash in Offices and Banks.....                              | \$ 2,286,204.67        |
| United States Government Bonds.....                         | 3,223,461.67           |
| State, Municipal, Railroad and other Bonds and Stocks ..... | 18,494,859.11          |
| Mortgage Loans on Real Estate.....                          | 35,000.00              |
| Premiums in Course of Collection (under 90 days)...         | 2,290,935.10           |
| Accrued Interest and Rents.....                             | 303,538.25             |
| Other Assets secured.....                                   | 399,498.69             |
| <b>Total Admitted Assets.....</b>                           | <b>\$27,033,497.49</b> |

### LIABILITIES

|   |                     |
|---|---------------------|
| Reherv for Claims and Suits, Legal.....                   | \$10,738,601.00     |
| Reserve for Unearned Premiums.....                        | 5,911,665.56        |
| Reserve for Commissions on Uncollected Premiums           | 485,000.00          |
| Reserve for Taxes Due or Accrued.....                     | 240,000.00          |
| Reserve for Sundry Bills Due and Payable.....             | 37,000.00           |
| Other Liabilities .....                                   | 233,585.87          |
| <b>Voluntary Additional Reserve for Claims and Suits.</b> | <b>1,175,000.00</b> |
| <b>Contingency Reserve .....</b>                          | <b>3,200,651.15</b> |

|                                       |                 |
|---------------------------------------|-----------------|
| Capital fully paid in.....            | \$2,500,000.00  |
| Net Surplus over all Liabilities..... | 2,511,993.91    |
|                                       | \$27,033,497.49 |

**Surplus to Policyholders - \$5,011,993.91**



Incorporated 1910  
Under the laws of the State of New York.

# ROYAL INDEMNITY COMPANY

Home Office: One Hundred Fifty William St., New York City

We believe that agents and policyholders are interested in knowing what sort of financial stability is back of the policies of the Royal Indemnity Company.

The important feature of any financial statement consists of the Reserves the Company maintains. On an earned premium volume of approximately thirteen millions, the ROYAL has a Legal Loss Reserve of \$10,738,601 and an additional voluntary reserve of \$1,175,000, something over 91% of the earned premiums. This reserve is as large as that of any other similar company.

Cash in Banks and Government Securities amount to approximately \$5,500,000. After setting up a Contingent Reserve of \$3,200,651 the Company maintains a surplus over all liabilities of \$2,511,993.91 and a surplus to policyholders of \$5,011,993.91 on a premium exposure of less than \$13,000,000.

The ROYAL maintains a complete service to its agents and policyholders.

Agents looking for a company with such service facilities and unquestioned financial stability are invited to wire or write.

**F. J. O'NEILL, President.**

•Nassau Hall, Princeton University, erected in 1756. During the Revolution it was used at different times as a hospital and barracks by both American and British troops. The first legislature of New Jersey met here in 1776. Here Continental Congress sat from June to November, 1783, and Washington received the thanks of Congress for his conduct of the War.



# NEW JERSEY

**NICKNAME:** *The Jersey Blue State*

**MOTTO:** *Liberty and Prosperity*

**S**MALL but mighty is New Jersey. With a length of 166 miles, and extreme width of 57 miles, the state ranks only forty-fifth in size but is

**Ninth in population,  
Third in the density of population,  
Seventh in its manufactured goods.**

New Jersey's location is unique. At the north is New York, first state in population; at the west, Pennsylvania, second state in population; at the east and south, the Atlantic Ocean and Delaware River. Easy access to all parts of the country and excellent ocean ports enable New Jersey's manufactured products to be known throughout the world.

New Jersey, one of the original 13 states of the Union, adopted the Federal constitution in 1787 after a prominent part in the Revolutionary War. Just a few miles from Trenton, Washington crossed the Delaware that Christmas eve of 1776 to fight the significant battle of Trenton the next day. The important battles of Princeton and Monmouth were on New Jersey soil. Washington and his army headquartered for two winters at Morristown. The Burr-Hamilton duel was fought at Weehawken. Joseph Bonaparte, once king of Spain and Naples, settled at Bordentown after the defeat of his famous brother, Napoleon.

The first railroad charter ever granted in the United States passed the New Jersey legislature in 1815 and the country's first Indian reservation was established here.

Although considered primarily as an industrial state, New Jersey, nevertheless, leads all states in the amount of land devoted to market gardening. The secret is in good soil, excellent roads and easy access to the nearby important cities.

Trenton, capital of the state, founded 254 years ago, located on the historic Delaware river, leads all cities in the country in pottery and is second in rubber goods. St. Michaels church where Washington worshipped still stands. Not far away at Princeton where Aaron Burr and Grover Cleveland are buried, is famous Princeton University, established in 1746.

Newark, founded in 1666, with 13 miles of waterfront, largest city in New Jersey, is the most diversified industrial city in the country. It leads in leather products and jewelry. Photographic films, patent leather, roller bearing and electrical measuring instruments were invented here. Newark's First Church is one of the oldest in America.

Camden, founded in 1681, has the world's largest talking machine plant, steel pin manufacturing organization and soup canning company. The famous airplane carrier U. S. S. Saratoga was built in Camden shipyards. During the World War a 335 foot collier was delivered by Camden shipbuilders only 37 days after the keel was laid. The second largest suspension bridge in the world links the city with Philadelphia. Here also is the home of Walt Whitman, the lyrical poet.

From Paterson come silks and locomotives; Passaic, woolen and worsted goods; Jersey City, soap and tobacco products; Elizabeth, sewing machines; Perth Amboy, brick and terra cotta; New Brunswick, hosiery. Cape May, 100 years old Atlantic City, 79 years old; Long Branch and Ashbury Park are famous ocean resorts.

Eureka-Security New Jersey agents have always done a wonderful job in protecting important industrial property and commercial business of their state in this 69 years old, sound company which writes all forms except life. Our aggressive, friendly way of handling business appeals to them the same as it will to you. They also know their business is with a company whose financial strength was never stronger than today. You, too, will find it worthwhile to represent a company like the Eureka-Security. New Jersey agents should direct any inquiry regarding their insurance problems direct to

**JOHN A. LANCE**  
New Jersey State Agent  
Service Office: 927-744 Broad St.  
NEWARK

•For information contained here acknowledgment is made to the Chambers of Commerce of Trenton, Newark, Camden and other cities.

## The Eureka-Security Fire and Marine Insurance Company

Established 1864

CINCINNATI, OHIO



**LARGE ENOUGH**  
To write lines liberally

**SMALL ENOUGH**  
To give individual attention

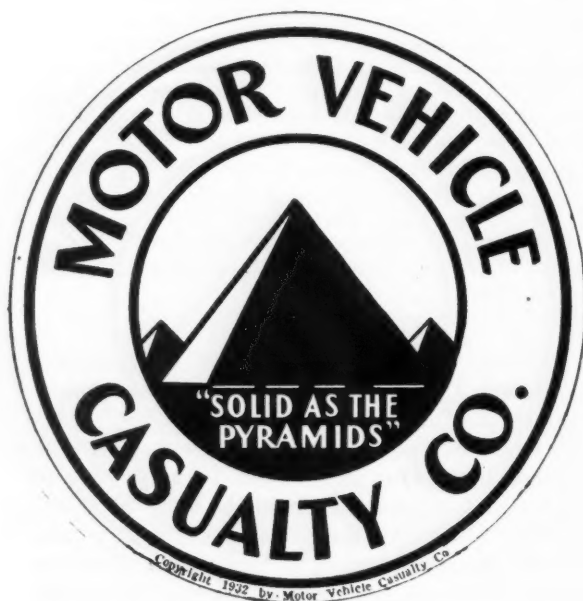
**YOUNG ENOUGH**  
To grow by giving service

**OLD ENOUGH**  
To have profited by experience





For 18 years  
just plain  
old fashioned  
honesty  
to  
policyholders,  
agents,  
brokers.



### Home Office

223 W. Jackson Blvd., Chicago, Illinois  
A STOCK AUTOMOBILE COMPANY

Under same management for the past 18 years. Organized in 1914 as Motor Vehicle Underwriters, changed to Motor Vehicle Casualty Company in 1930.

## Closer Regulation Seen by Goodwin

(CONTINUED FROM PAGE 5)

business fails to control itself it must expect to be controlled from outside. I have succeeded in selling myself on the idea that maybe government control of business will be a good thing. I doubt that the government could make business conditions any worse than they are now."

Mr. Goodwin warned of the dangers latent in companies' issuing a broader policy at lower rates to life companies on their foreclosed farms than an agent is permitted to write. While it will be the agent who will suffer for the first few years from this practice, it will be the companies in the end which will be the losers as well, he predicted, because the life companies will later form their own company or else become self insurers. The scope of these policies makes it extremely difficult for the company to know what it is covering until a loss has been experienced, he said.

### Rate Cutting Is Censured

Censuring the practice of companies' cutting rates in non-regulated territories while observing them in New York state, Mr. Goodwin expressed the hope that the New York superintendent would assume extra territorial powers and force all companies doing business in New York to charge the same rates elsewhere as they do here.

Mr. Goodwin expressed disapproval of premium finance plans except those controlled by agents themselves. He commented on the bad effect of too readily available credit on buyers accustomed to paying cash for their insurance. He also attacked unregulated inland marine competition, saying that if some way of regulating it is not found, "we might as well all drop fire and casualty insurance and become inland marine agents." He cited examples in which fire and casualty lines had been rewritten by inland marine companies at a small fraction of the fire or casualty rate.

Albert Dodge of Buffalo, national councillor, urged agents to advertise actively, saying that the present is especially opportune for it. He said definite plans for cooperative advertising have been made and will be presented when conditions appear to be best suited for it.

### Van Schaick Spoke at Banquet

Speaking at the annual banquet Superintendent Van Schaick urged members, when opposed to some action of the department, to consider the basic aim involved before taking action. Mr. Van Schaick pointed out that even though the superintendent is clothed with extraordinary powers he cannot make over the insurance business overnight. The process must be one of evolution rather than revolution, the same as in government, he said, but there is danger in heeding the advice of those who want to "let well enough alone," preferring to envisage only the

immediate present rather than taking the long-time view.

In his annual report President W. M. Gildersleeve reviewed the association's activities for the year. He deplored the slight falling off in membership because associations "are the life blood of our trade, and without them this business would be in a chaotic condition today. The cost of membership is simply a premium which protects our business. What kind of insurance men are we who refuse to insure our own future existence?"

He told of the value of the qualification law which is now in effect and discussed the banking-insurance situation and asked the convention's active support of state and federal legislation to eliminate insurance activities in banks.

Theodore L. Rogers, secretary-treasurer, gave a very detailed report regarding the membership, which is now 555 or 20 less than a year ago. Mr. Rogers also reported for the legislation committee, emphasizing the favorable effect of the agents' qualification law.

### Conference Committees Report

F. G. Noxsel reported as chairman of the casualty conference committee and W. H. A. Munns reported for the fire conference committee. Mr. Munns told of his committee's activities in securing the adoption of the simplified rating schedule. He said the new schedule which was filed last December is expected to be more favorable in regard to average changes although it will take some time to apply it in all sections. The committee protested the ruling that no flat cancellations would be allowed unless policies were received within 30 days of the inception date on the grounds that it was a matter for the individual companies to handle through their own agents. Although the conference rule has been changed to read to 45 days, Mr. Munns said that the committee does not recede from its original position.

The activities of the fire prevention committee were related by Chairman J. H. Miller.

A resolution supporting the companies in their plan to resist scorch claims made under fire policies was adopted. The resolution urged all companies to take the same attitude on such claims and also provided for notification of the Eastern Underwriters Association of the association's action.

The following officers were elected: President—W. M. Gildersleeve, Central Valley.

First vice-president—E. S. Poole, Albany.

Second vice-president—George Kern, Brooklyn.

Secretary-treasurer—T. L. Rogers, Little Falls.

### Personnel of Board

Directors: J. J. Butterly, Peekskill; Richard Cary, Niagara Falls; William Dickinson, Elmhurst; J. Somes McClelland, Troy; Albert Dodge, Buffalo; H. Duffy, Endicott; J. B. Field, Auburn; F. L. Gardner, Poughkeepsie; F. L. Greeno, Rochester; John Henderson, Herkimer; W. W. King, Malone; J. H. Miller,

(CONTINUED ON PAGE 17)

## LEADING BUFFALO AGENTS

### Armstrong-Roth-Cady Co.

INCORPORATED  
INSURANCE

930 Marine Trust Building, Buffalo, N. Y.

WE WRITE EVERY KIND OF INSURANCE

### WOODWORTH-HAWLEY CO.

Nos. 7 and 9 Seneca Street, West  
Chamber of Commerce  
BUFFALO



# 80<sup>th</sup> Anniversary

## THE HOME INSURANCE COMPANY NEW YORK



1853

THROUGH periods of conflagration, financial distress and prosperity the security of an insurance policy in "The Home of New York" has never been questioned — every obligation incurred has been met justly and promptly.

Strength

« »

Reputation

« »

Service

## New S. E. U. A. Balance Rule Will Be Rigidly Enforced

J. H. HINES EXPLAINS PLAN

Southern Manager of Crum & Forster Companies Addresses American Association of General Agents

Attention to underwriting questions, agency balances and expenses was paid by J. H. Hines of Atlanta in his address before the annual convention of the American Association of Insurance General Agents at Atlanta. Mr. Hines is southern manager for the Crum & Forster companies and is president of the Southeastern Underwriters Association. Mr. Hines admonished his hearers to watch more closely the underwriting of unprotected business and the underwriting of protected dwellings.

In the seven states under the Atlanta office of the Fire Companies Adjustment Bureau, there was a decline in January of 16 percent in adjusted losses as compared with January, 1932; a decline of 15 percent in February; 36 percent in March and 36 percent in April. He pointed out that the sharp drop in losses occurred coincidentally with the invocation of the 60-day delay in loss payment.

### Solvency Is All-Important

Mr. Hines said the important thing today is to stay solvent at all cost. Courage and decision are necessary to keep in that position. Unpleasant decisions are necessary in order to make the expense account conform to diminishing income.

Agency balances constitute the major problem for general agents in some sections of the country, he said. In the south, he declared, collection of balances has been undertaken in a way that did not reflect credit upon the management of the business. He recalled that the Southeastern Underwriters Association adopted a balance rule in an attempt to find a solution or substantial improvement for the balance evil. The mandatory balance rules have for their object the preservation of the agent as well as the company, he said.

Mr. Hines declared that the agent who cannot pay his balances within 60 days is beset with some fundamental trouble such as excessive, as distinguished from necessary, expense, either personal or business, or both; infirm collection policy, the involvement of the agency with other business, such as real estate, loans, etc.

### Not Self Curing

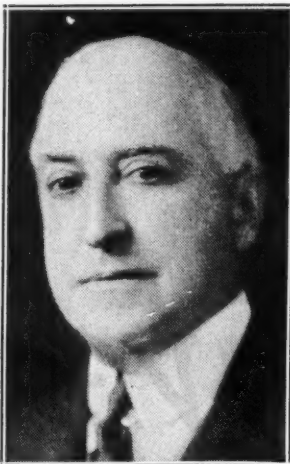
None of these troubles, he declared, is self curing. If nothing is done, the agent will gradually go to his business death. Where an operation promises a remedy, it should be performed. Where an operation would be futile, the funeral should be held immediately.

The balance rule requires payment in 60 days, but the association takes no official action until 80 days. On the 80th day the supervising office of the company will report direct to the association all agents that are delinquent. On the 90th day of the balance, the association reports all outstanding delinquents to the paid secretary of the field club. The secretary calls a meeting of special agents and a committee of two field men is appointed to visit the agency, get a financial statement on the approved form and make an investigation. The committee then makes a written report and recommendations. The secretary reports to the supervising office of each company in the agency and to the special agent. Ten days later a meeting of all special agents in the agency takes place to determine what course to pursue.

### Advantages of Plan

This plan, according to Mr. Hines, gives the supervising office time to communicate with the special agent in ad-

## Always on Deck



SUMNER BALLARD

Sumner Ballard, well known reinsurance executive of New York City and secretary of the National Board, always retains his position even if presidents, vice-presidents and chairmen of the executive committee change from year to year. Mr. Ballard is known far and wide among company executives and during the week of the National Board in New York City he always gives a dinner at his sumptuous home at which those present are invited and many other distinguished guests are bid.

## Louisville Bank Tells Its Plans for New Fire Carrier

LOUISVILLE, May 24.—Definite plans are under way for the organization of a fire company by the Fidelity & Columbia Trust Co., in order that it may qualify for Louisville Board membership. It will probably be known as the Fidelity & Columbia Insurance Co. and have \$50,000 capital and \$25,000 surplus. It will operate in Louisville and Jefferson county only and the officers will be chosen chiefly from the Fidelity & Columbia Trust Co.

Frank Bosler, manager of the trust company's insurance department, stated that it will continue to represent the Firemen's of Newark and plans are being made to take on at least two and probably three large additional companies. A special committee of the Louisville Board held a conference with Menafee Wirgman, president Fidelity & Columbia Trust Co., and Mr. Bosler, and said they would guarantee that if the company is formed it will be admitted into membership. Final decision about forming the company will be made at the bank's directors' meeting tomorrow, although there is expected to be no opposition to the plan.

vance of the second meeting. He expressed the belief this provision will protect the companies against some of the troubles that have developed in the past in the set up of trusted agencies. There is a wholesome desire on part of the companies to avoid trusteeship wherever possible, he said. Where agencies must be trusted, the companies desire that they be set up on a basis that will insure payment of all current balances and will limit the expenses below the commission, so that a credit can be applied on old accounts.

The rules, Mr. Hines said, should prove decidedly helpful and they are going into effect with the intention on part of the companies to see that they are rigidly enforced.

The Paris Mutual County Fire of Paris, Ill., has been referred to the Illinois attorney general by the insurance department with a request that it proceed to liquidate its affairs.

## Unification Process Must Be Extended to Insurance

JAMES CRAVENS GIVES VIEWS

Trend Is Away from Multiplication of Separate Enterprises Leading to Cut Throat Competition

The unification of business through the elimination of businesses that cannot stand on their own feet and the consequent strengthening of those concerns which do survive, must be extended into the insurance business in the operations of companies, general agencies and local agencies, according to James Cravens of Cravens, Dargan & Co. His address to the American Association of Insurance General Agents at Atlanta was read in his absence by Wallace Cowan of Atlanta.

Prosperity depends largely on the elimination of useless overhead expenses, Mr. Cravens said. There is a distinct trend away from the anti-trust laws and unification is favored instead of multiplication of separate enterprises in various lines, which brings about cut throat competition.

### Tells Own Experience

Mr. Cravens recalled that his organization has purchased several general agencies in Texas and he said that the experience has been satisfactory. He suggests that general agencies throughout the country have an open mind along the lines of purchase, consolidation or amalgamation, which would have the effect of placing the business on a sounder basis.

A large number of small subsidiary or fostered companies has been partly responsible for credit over extension and financial difficulties, he said. Many of these small companies were organized in more profitable days. They have been taken over by groups of companies and are used as feeder companies, thus causing the appointment of many irresponsible local and general agents. Some of the subsidiaries have appointed general agents of the "grip-sack" variety, Mr. Cravens said. Such offices, he said, are merely premium gatherers who receive an over riding commission which they often divide as a sort of excess commission.

### Dummy General Agencies

Some companies, he pointed out, have planted dummy general agencies with local agents who have large local businesses, to secure the bulk of it by paying larger commissions. However, he declared, the best local agents are becoming afraid to take weak companies even on that basis.

Mr. Cravens said a general agency is, in fact, a branch office on commission for each company which it manages. General agents bring to the agents of a particular territory the combined facilities and services of all companies which they manage, offering a constant market not subject to the changes of the underwriting policy of a particular company.

Salaried branch offices that have been introduced as substitutes for general agencies are usually extravagant because the element of individual private profit is absent, he said. They lack the facilities that accrue to the true general agent by reason of diversity of companies.

The general agent, according to Mr. Cravens, is in a much better position than the average local agent to judge of the soundness of the company he represents. The general agent will not knowingly risk his reputation by representing an unsound or doubtful company.

The most difficult problem confronting the general agent today is that of collections, he said. The general agent pays his companies punctually, whether he collects from the agent or not, includ-

## Program for Big Banquet for Palmer Is Announced

C. H. BURRAS IS TOASTMASTER

Surprises in Store at Function in Honor of Illinois Insurance Superintendent in Chicago

The program for the big testimonial dinner for Superintendent Palmer of Illinois in Chicago the evening of May 31 has been pretty well formulated.

The toastmaster will be Charles H. Burras, president of Joyce & Co. of Chicago, who has functioned with great sparkle in that capacity for several years at the banquet during the casualty convention at White Sulphur Springs, W. Va.

He will be introduced to the guests by L. E. Yager, president of the Chicago Board of Underwriters, who is chairman of the general committee for the Palmer banquet.

### Speakers Are Named

The speakers will include W. D. Williams of Rockford, Ill., western manager of the Security of New Haven and president of the Western Underwriters Association; O. E. Aleshire of Parker, Aleshire & Co. of Chicago, former president of the Chicago Board; H. A. Behrens, president of the Continental Casualty and Continental Assurance; Garfield Brown, insurance commissioner of Minnesota, and president of the National Convention of Insurance Commissioners; A. V. Gruhn of the American Mutual Alliance and Mr. Palmer.

A special invitation was sent to Governor Horner of Illinois, but he finds he will be unable to attend.

In addition to the announced program, the committee states that surprise entertainment of a high order is in store.

Acceptances are being received in large numbers by J. S. Glidden, manager of the Chicago Board of Underwriters in the Insurance Exchange. Indications are that practically all the insurance commissioners will be on hand.

ing premiums on policies subsequently canceled flat. On the other hand many companies are giving local agents as much as four months in which to remit premiums.

An agent supposed to remit on such a basis passes the credit on to policyholders, utterly demoralizing collections for his competitors and for himself. This over-extension of credit has caused the bankruptcy of hundreds of agents, he said.

Mr. Cravens said that his organization has devised a plan for handling premiums, which extends credit where credit is due and at the same time going a long way towards eliminating free insurance, the result of misuse of flat cancellation privileges.

## Commissioners' Program for Meeting in Chicago

Additions announced by Secretary Jess G. Read to the program for the National Convention of Insurance Commissioners meeting in Chicago, June 1-3, include a paper on "Interstate Liquidation" by G. S. VanSchaick of New York on the second morning. Deputy Commissioner C. A. Gough of New Jersey and Commissioner C. R. Horswill of South Dakota will discuss the paper of M. L. Brown of Massachusetts on "Insurance Supervision" on Thursday, the first morning of the convention. The paper of Commissioner W. V. Knott of Florida on "Investments of Insurance Companies," which is scheduled for Friday morning, will be discussed by H. L. Davis, District of Columbia, and R. L. Daniel, Texas.



## New Balance Rule Will Be Big Topic Before S. E. U. A.

TO MEET AT VIRGINIA BEACH

No Change in Regulations Expected at Annual Gathering of Organization June 7

The operation of the recently adopted agency mandatory balance rule is sure to come in for considerable discussion at the annual meeting of the Southeastern Underwriters Association at the Cavalier Hotel, Virginia Beach, Va., June 7.

It is not believed that any change in the regulation will be sanctioned, despite the complaints lodged against it by a number of local agents, who allege that it bears unjustly on them at this period of general economic depression and bank closures. Company representatives point to the fact that stringent collection rules are now in force in the eastern, western and Pacific Coast territories and in the adoption of such measures the S. E. U. A. was simply falling into line with practices obtaining throughout the balance of the country.

In addition to the report of the executive committee the agenda for the meeting calls for reports from the committees on membership, sprinklered risks, cotton, public relations, tornado, classification of cities and towns and unprofitable classes, and on conference. Reports will also be submitted by the manager of the organization and by its chief engineer.

Though there have been a number of severe windstorms in the south recently, for the most part in Texas, Louisiana and Mississippi, over which states the S. E. U. A. has no jurisdiction, and hence that matter may not be taken up by the organization.

The meeting will conclude the second term of President J. H. Hines and if precedent be followed, B. M. Culver, president America Fore, now vice-president of the S. E. U. A. will be chosen his successor. The executive committee will be in session June 5-6, whipping

into shape all matters to come before the general gathering.

## Cover Whiskey Under New Form

LOUISVILLE, May 24.—With the large bulk of all whiskey in the country in distillery warehouses in Kentucky under federal supervision, located chiefly at Louisville, Owensboro and Frankfort, the Kentucky Actuarial Bureau has issued new underwriting regulations regarding windstorm and fire coverage on whiskey and spirits, establishing valued forms, written under only coinsurance, to replace the former market value method.

## Louis Martin Manager of Office in Cincinnati

Louis H. Martin has been appointed manager of the Cincinnati office of THE NATIONAL UNDERWRITER, succeeding Ralph E. Richman, who establishes its New England bureau at Hartford. For a number of years Mr. Martin has had charge of the book department. He is a grandson of the late Dr. H. C. Martin, founder of "Rough Notes" of Indianapolis, and represents the third generation of his family engaged in insurance

publishing work. His father was the late L. H. Martin, who was associated with Rough Notes for many years and took charge of its supply department. "Rough Notes" sold its insurance supplies to the Globe Wernicke Company of Cincinnati and Mr. Martin went there in charge of the insurance department. Louis Martin is a graduate of the University of Cincinnati and is a young man of splendid attainments. His uncle, Sanford Brown of Cincinnati, is a director and attorney for The National Underwriter Company.

J. Lindsay Clark & Co., Baltimore, has been incorporated by J. L. Clark, Florence C. Parr and R. M. Pabst.

# Shoulder to shoulder Responsibility



AGENTS LIKE that 'extra service' which characterizes Millers National service. It goes to make their association with this company decidedly profitable—besides unusually pleasant.

★ This service is carefully arranged to meet the practical needs of agents. A complete portfolio of lines is written—fire, windstorm, automobile, inland marine, and all principal sidelines. Losses are paid promptly and squarely. Attractive sales-producing advertising literature is furnished, free of charge, with usable and remunerative sales suggestions on how to increase agency income.

★ Agents in the Millers National organization are not 'forgotten men'—not mere cogs in a huge production wheel. No, indeed! Their presence is felt in the home office. Their problems are the company's problems. They are regarded as co-workers in the real sense of the word.

★ —and furthermore, Millers National agents find the unusual financial strength of their company a splendid selling asset. Backed by this dependable 68-year-old company, which ranks with the few strongest in America, these agents pursue aggressive sales policies with a feeling of absolute security.

★ Mr. Agent! This company will help sell you to your clients. You can sell this company's service. Shoulder to shoulder—that's the point.

Send for this booklet

MILLERS NATIONAL—Insurance Exchange, Chicago.

I would be interested in spending a few minutes reading your concise book-of-facts. Please send it to me—no obligation, of course.

NAME .....

ADDRESS .....

## INSURANCE STOCK QUOTATIONS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago, at close of business May 23

| Stock               | Par  | Div. per Share | Bid    | Asked  |
|---------------------|------|----------------|--------|--------|
| Aetna Cas. ....     | 10   | 1.60           | 38     | 40     |
| Aetna Fire ....     | 10   | 1.60           | 30     | 31     |
| Aetna Life ....     | 10   | ...            | 13     | 15     |
| Amer. Alliance ..   | 10   | 1.00           | 12     | 14     |
| American, N. J. .   | 2.50 | .50            | 7 1/4  | 8      |
| Amer. Surety ....   | 25   | ...            | 16     | 17     |
| Automobile, Conn.   | 10   | 1.00           | 16     | 18     |
| Boston ....         | 100  | 16.00          | 400    | 415    |
| Carolina ....       | 10   | .50            | 11     | 12     |
| City of N. Y. ....  | 100  | 2.50           | 88     | 95     |
| Continental Cas. .  | 5    | ...            | 8      | 8 1/2  |
| Continental Ins. .  | 2.50 | 1.20           | 22     | 24     |
| Fidel.-Phenix ...   | 2.50 | 1.20           | 22 3/4 | 24     |
| Fireman's Fund. .   | 5    | 3.00           | 41     | 42     |
| Fireman's F. Ind. . | 10   | ...            | 12 1/2 | 16 1/2 |
| Firemen's ....      | 5    | ...            | 4 1/2  | 5      |
| Franklin Fire ....  | 5    | 1.00           | 14     | 15     |
| Glens Falls ....    | 10   | 1.60           | 22     | 24     |
| Globe & Rutgers .   | 25   | ...            | 14     | 17     |
| Great Amer. Ind. .  | 1    | ...            | 4      | 6      |
| Great American. .   | 5    | 1.00           | 14     | 15     |
| Hanover ....        | 10   | 1.60           | 24     | 26     |
| Harmonia ....       | 10   | .50            | 10     | 11     |
| Hartford Fire ....  | 10   | 2.00           | 38     | 40     |
| Hartford St. B. .   | 10   | 1.60           | 40     | 42     |
| Home, N. Y. ....    | 5    | 1.00           | 17 1/4 | 18 1/4 |
| Ins. Co. of N. A. . | 10   | 2.00           | 39     | 41     |
| Maryland Cas. .     | 2    | ...            | 3 1/4  | 3 3/4  |
| Mass. Bonding. .    | 25   | ...            | 13     | 15     |
| National Cas. ....  | 10   | ...            | 4 1/4  | 5 1/2  |
| National Fire ....  | 10   | 2.00           | 45     | 46     |
| National Liberty. . | 2    | .10            | 4      | 4 1/2  |
| National Union. .   | 20   | ...            | 30     | 35     |
| New Amst. Cas. .    | 10   | 1.50           | 13     | 14     |
| New Brunswick. .    | 10   | .50            | 10     | 12     |
| North River ....    | 2.50 | .60            | 13     | 15     |
| N. W. National. .   | 25   | .50            | 62     | 65     |
| Occidental ....     | 10   | ...            | 8      | 9      |
| Phoenix, Conn. .    | 10   | 2.00           | 50     | 53     |
| Prov. Wash. ....    | 10   | .80            | 23     | 25     |
| Sperry, F. & M. .   | 25   | 4.50           | 70     | 72     |
| St. Paul F. & M. .  | 25   | 6.00           | 105    | 108    |
| Travelers ....      | 100  | 16.00          | 265    | 275    |
| U. S. Fire ....     | 4    | 1.20           | 24     | 25     |
| U. S. Fid. & G. .   | 2    | ...            | 4 3/4  | 5 1/4  |
| Westchester ....    | 2.50 | 1.00           | 17     | 18     |

# MILLERS NATIONAL

## INSURANCE COMPANY

INCORPORATED 1865.

CHICAGO, ILLINOIS.

F. S. DANFORTH, Pres.



## Stricter Underwriting Held Only Key to Farm Situation

More thorough underwriting is the only solution to the farm loss situation, declared Fred J. Marshall, chairman of the farm committee of the New York State Association of Local Agents, at its annual meeting.

There are many evils in writing farm business and the companies, agents and assureds are alike responsible for the present conditions, said Mr. Marshall. These can be corrected, if only the agent will consider at all times that the company has to provide for the losses and insure with it only such business as he feels he would be willing to accept himself. Commission should be considered as secondary. This action on the part of the agent will tend to provide the companies with a satisfactory loss ratio, the farmer with a rate he can pay and the agent with facilities to handle the business. If the high loss ratio is continued, the business will eventually be lost to the agent. Mr. Marshall asked for the cooperation of all agents as he said that only 40 percent of farm writing agents are trying to keep the losses down at the present time.

### Loss Ratio Averages 94 Percent

Conferences were held with the companies to seek a solution to the disastrous loss experience. The farm loss ratio for the last six years in New York has only been below 90 percent once and that was in 1928 when it was 83.9 percent. In 1931 it was 106 percent; in 1930, 98 percent, the average loss ratio for five years being 94.5 percent, with an expense ratio of approximately 42.6 percent. The 1932 figures are expected to even show a greater loss ratio. The companies proposed to abrogate the term rule which a ma-

jority of the committee protested on the ground of the added work such a change would make.

A new rate schedule and change in form classifications, which means increased rates for unprotected property, is now being considered. The committee feels, however, that something must be accomplished to reduce farm losses as an increase in rates will not answer for all the ills of the farm business. Undesirable risks and agents will not be improved by a rate increase, said Mr. Marshall, but will have a tendency to increase. Therefore each farm risk should be underwritten and not the agent, who is classed by the volume of business he produces. Some companies are forced to write undesirable risks for such agents, said Mr. Marshall, regardless of the class or amount of insurance desired. Rate increases will help this type of agent who will soon require further increases.

### Rate Increase Not Solution

Mr. Marshall personally opposes rate increases and proposed a rigorous supervision of every farm risk regardless of the agency it comes from. He realizes that the losses are bad and justify a 100 percent rate increase, but this would not bring about the desired results. Only better underwriting will keep undesirable risks off the books and an increase of rates will mean a loss of preferred risks. The trouble, said Mr. Marshall, is when one company starts to follow a fixed underwriting plan, another company attempts to capitalize on it by bidding more freely for the business.

When a company feels that it cannot trust its agents to underwrite farm busi-

ness, it should deny them the right or have every risk rigidly inspected by special agents.

Mr. Marshall reported that some of the committee would like to see a master policy written by member companies of a farm association. The inspection bureau could handle the inspection of all such agencies as could not be trusted.

### Committee Makes Recommendation

The farm committee recommends that companies exclude their land bank and life insurance companies' business in their farm experience. Companies should impose more stringent underwriting requirements and inspections and consider the possibilities of forming a farm insurance organization to care for the writing and inspection of all farm business with the direct purpose of improving the consistency of underwriting processes and practices.

Agents are urged to use the utility value as a basis of insurance to be carried and exercise more care in making farm reports. In accepting insurance on recently purchased farms it should be well below the purchase price until farming has recovered from its deflated condition. Agents are warned not to be unduly persuaded to accept farm business because of mortgage interests involved because it is not fair to put this burden on the insurance company.

### Takes Over Mutual Company

The National Mutual Church of Chicago has taken over the Mutual Insurance Corporation of Chicago. Both companies have been under the same management with H. P. Magill as manager.

### Hartford Fire Officials' Visit

President R. M. Bissell, Vice-president F. C. White and Secretary C. S. Kremer of the Hartford Fire are on a visit to the western department in Chicago.

## National Board Meeting Is Attracting Much Interest

### UNDECIDED ON NEW OFFICERS

Executives Show Keen Interest in  
changing Views on General Problems Facing Business

NEW YORK, May 24.—From present indications at least 200 fire company executives will be in attendance at the 67th annual meeting of the National Board here tomorrow, attesting the keen interest company officials have in the larger problems affecting the conduct of their business these troublous days, and the assurance they feel that helpful suggestions as to their solution will be had during the association's sessions. Of equal benefit will be the informal exchanges of views by members from different sections of the country.

The attitude of the general public toward the National Board and the companies composing its membership has changed markedly in recent years as knowledge of what the organization is constantly doing to reduce the fire hazard of the country becomes known.

The refusal of B. M. Culver, president of the America Fore group, to consider nomination for the presidency leaves the field open and it is likely to remain so until the nominating committee presents its slate tomorrow. The feeling now is that R. B. Ives, president of the Aetna, and G. C. Long, Jr., vice-president Phoenix of Hartford, will retain their present posts as vice-president and chairman of the executive committee respectively.

The agency formerly conducted by the Citizens Loan & Investment Company, Sioux City, Ia., of which Frank Huntsman had been manager, has been absorbed by the Gilman Insurance Agency.

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WILFRED J. PAQUET, *Manager*

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A2123 Insurance Exchange, South,  
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### COLUMBUS

513 First Citizens Bldg.,  
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### DETROIT

1717 First National Bank Bldg.,  
R. Z. ALEXANDER, *Manager*

### INDIANAPOLIS

210 Continental Bank Bldg.,  
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200-724 South Spring St.,  
D. R. SESSIONS, *Resident Vice-President*

### MILWAUKEE

212 W. Wisconsin Ave.,  
C. M. LATTA, *Manager*

### NEW ORLEANS

1227 Hibernia Bank Bldg.,  
J. J. GREVEMBERG, *Manager*

### NEW YORK

21st Floor, 90 John St.,  
R. S. CHOATE, *Resident Vice-President*

### PHILADELPHIA

Manhattan Bldg., 4th and Walnut Sts.,  
J. R. HUGHES, *Manager*

### SAN FRANCISCO

301 Adam Grant Bldg.,  
GEO. E. ADAMS, *Resident Vice-President*

### SEATTLE

518 Skinner Bldg.,  
J. R. LAWSON, *Manager*

**INSURANCE ON AUTOMOBILES EXCLUSIVELY**

*SINCE 1911*

## Opens New England Bureau

THE NATIONAL UNDERWRITER, recognizing the importance and growing prestige of New England insurance companies and agents, and desiring to give full recognition to that section from a trade newspaper standpoint, is opening on June 1 a New England bureau at Hartford in charge of Ralph E. Richman. Mr. Richman will have entire charge of the New England states and New York outside of the metropolitan district. He will supervise the business activities as well as editorial work.

### Leaving the Cincinnati Office

Mr. Richman has been manager of the Cincinnati office of THE NATIONAL UNDERWRITER and is one of the publication's most trusted associates. He was born in the business, so to speak, as his father, Chas. J. Richman, was a leading local agent at Greenfield, Ind., and later became special agent for the Continental. He is now special agent for the American of Newark in Indiana. Ralph Richman was licensed as an agent at the age of 16. He was a student of insurance at that time. He entered Indiana University in 1909, majoring in economics, continuing to devote special attention to insurance. His graduating thesis was on a fire insurance subject. He had half completed the work on his master's degree based on research into the activities of the state in fire prevention when Indiana created the position of state fire marshal. Governor Ralston had come in contact with Mr. Richman and desired to have him in the fire marshal's office. Mr. Richman had spoken at a number of fire prevention meetings throughout the middle west and was acting as correspondent for "Fire Protection," a monthly paper published by The National Underwriter Company.

### Joins the National Underwriter

In 1916 Mr. Richman, therefore, moved from Indianapolis to Cincinnati to become actively connected with THE NATIONAL UNDERWRITER and its allied activities. He took a lively interest in publishing work. In 1919 he was made manager of the office. In this connection he came in contact with the various departmental activities. During one year he worked with Editor Abner Thorp on business details of the "Diamond Life Bulletins."

In 1924, Mr. Richman inaugurated the "Accident & Health Bulletins," both the salesmanship and policy analysis service, which he will continue to edit. In 1929,



RALPH E. RICHMAN

he initiated the work on the "Fire, Casualty & Surety Bulletins."

When Mr. Richman went to the Cincinnati office there were 15 employees and the office occupied about 2,000 square feet of space. He has seen the growth of that particular office, the employees now numbering 75 housed in two buildings owned by the publishing company.

Since becoming connected with THE NATIONAL UNDERWRITER Mr. Richman has been an active news and editorial contributor. He is an experienced reporter and a very acute observer. He has spoken at many insurance gatherings and last year addressed the state associations of local agents in Texas, West Virginia and Ohio. On his leaving Cincinnati the Blue Goose luncheon club gave him a farewell luncheon, 25 members being present. They presented him with a traveling kit. During his 17 years residence in Cincinnati Mr. Richman has been an active member of the Ohio Blue Goose. He conceived the idea of presenting through the Ohio pond to the grand nest the gavel made from timber taken from the building in which the order was founded at Green Lake, Wis. Mr. Richman outside of his business has been active in civic and church circles. Until recently he was a trustee of Valparaiso University, Valparaiso, Ind.

## NEWS OF FIELD MEN

### Shifts Made in Four States

#### Field Supervision of National Liberty Being Consolidated with That of Home of New York

The field supervision of the National Liberty is being consolidated with that of the Home of New York in Nebraska, North and South Dakota and western Missouri. In each of these territories the state agent of the Home is placed in charge of the National Liberty as well.

#### Hendrickson in Nebraska

C. U. Hendrickson of Omaha is in charge of Nebraska; Burt Burton of Sioux Falls is in charge of South Dakota, and H. O. Kallgren, Fargo, in charge of North Dakota. R. C. Fuller, who has been state agent of the National Liberty in North and South Dakota and Nebraska, is now assigned to South Dakota to assist Mr. Burton.

C. P. McCaffery is placed in charge of all the companies in western Missouri, and L. R. Choate, who has had

the National Liberty in western Missouri, will assist Mr. McCaffery.

### Return to Direct Reporting Basis in the Mountain Field

DENVER, May 24.—The Gerald L. Schuyler Agency, which has conducted department offices for a half dozen companies for the mountain field many years, will be dissolved following the death of Mr. Schuyler, and a number of the companies, possibly all, will go back to a direct-reporting basis.

The Phoenix of Hartford, Connecticut Fire and Equitable Fire & Marine will handle the mountain field direct from Hartford under the local supervision of H. C. Hart of Denver as state agent. Vice-president George C. Long, Jr., was in Denver to complete the arrangement. Mr. Hart has traveled the mountain field for the Schuyler office for the past ten years. He will be assisted in the Denver office by Gertrude Stock, former treasurer of the Schuyler agency, who will have charge of the dissolution of the Schuyler firm.

The appointment of C. H. Hardin

## NEW HAMPSHIRE FIRE INSURANCE CO. MANCHESTER, N.H.



### SIXTY-THIRD ANNUAL STATEMENT

December 31, 1932

#### ASSETS

|                               |                 |
|-------------------------------|-----------------|
| United States Bonds.....      | \$ 3,240,750.00 |
| Canadian Bonds .....          | 263,800.00      |
| Other Bonds and Stocks.....   | 10,811,847.01   |
| Real Estate .....             | 362,750.00      |
| Agents' Balances .....        | 716,346.91      |
| Accounts Receivable .....     | 224,789.95      |
| Cash in Banks and Office..... | 468,479.78      |
|                               | <hr/>           |
|                               | \$16,088,763.65 |

#### LIABILITIES

|  |                 |
|--|-----------------|
| Capital Stock .....                            | \$ 3,000,000.00 |
| Unearned Premium Reserve.....                  | 4,517,925.77    |
| Reserve for Losses .....                       | 539,303.21      |
| Reserve for Taxes and other Liabilities.....   | 290,575.39      |
| Reserve for Dividends declared and unpaid..... | 120,000.00      |
| Contingency Reserve .....                      | 2,421,000.00    |
| Surplus .....                                  | 5,199,959.28    |
|  | <hr/>           |
|  | \$16,088,763.65 |

NOTE: Bonds and Stocks at Insurance Commissioners Convention Valuation.

#### AFFILIATED COMPANY

**Granite State Fire Insurance Company**  
Portsmouth, N. H.



## How much are values down?

For insurance purposes today it is more necessary than ever, to know exactly how much values are down? Guesswork in judging values has never been satisfactory and is obsolete in the face of present conditions.

How much insurance is necessary to adequately protect property under today's value cannot be gauged by a mere perfunctory examination. It is essential to know exactly how much the property is worth.

This how much figure is accurately determined by a Lloyd-Thomas appraisal. It prevents under- or over-insurance. It gives proof-of-values after a loss. It affords "assured protection."

Let us point out the advantages to you of recommending a Lloyd-Thomas appraisal for your assureds property.

### What is an Appraisal?

It is a complete classified inventory of insurable property (except stock, merchandise and raw materials). Each item of property is valued at today's cost to replace new. The amount of accrued depreciation is determined and the sound insurable value is given.

### Its Advantages

1st — It discovers insurable values that have long been written off the books through unscientific depreciation. 2nd — It gives the agent, the assured, and the companies value facts of property. 3rd — It makes for adequate insurance protection, for in nearly every instance it calls for additional insurance.

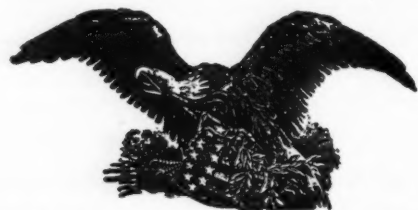
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Ass't Secretary

E. PHILLIP GUSTAFSON,  
Ass't Secretary

**American National Fire Insurance Company**  
Columbus, Ohio  
AN ASSET TO YOUR OFFICE

Smith as state agent of the California for the mountain field was announced by President J. C. Griffiths, who is also Pacific Coast manager of the Commercial Union fleet. Mr. Smith has represented the Commercial Union companies as state agent for years, and will be assisted by F. A. O'Mara, formerly of the Standart, Main & Brewster general agency, who will be special agent and engineer. The Utah Home Fire has transferred to the Mountain States General Agency and R. H. Zeiger of the Schuyler office becomes associate general agent of the Mountain States agency.

### Tennessee Field Meeting

The annual meeting of the Tennessee Fire Underwriters Association will be held June 13 at the Hermitage hotel, Nashville, according to Secretary Leon McGilton. A get-together meeting of the Blue Goose, fire prevention and Tennessee Fire Underwriters Associations will be held jointly at the luncheon. After luncheon the executive sessions of the Blue Goose and fire prevention association will begin.

### O'Malley Kansas City Speaker

KANSAS CITY, MO., May 24.—"We have enough insurance laws, and what we really need is common sense and co-operation in the insurance superintendent's office," R. Emmett O'Malley, who is scheduled to become Missouri superintendent, told about 75 members of the Blue Goose here May 22. "Our job," he said, referring to the insurance business as a whole, "for the next ten years will be to build for the future—with intelligence, sincerity, and honesty."

The Heart of America and St. Louis ponds will engage in a baseball contest at Jefferson City June 8. Bob Hauck of the North British is chairman of the baseball committee here, Ed. Plummer of the New York Underwriters at St. Louis.

### Ohio Field Activities

The Ohio Blue Goose will give a dinner dance at the Scioto Country Club at Columbus June 5. R. E. Zimmerman is chairman of the general committee on arrangements.

The Ohio Fire Prevention Association will hold its annual meeting at Cedar Point July 11, at which time both the W. U. A. and Bureau field clubs will hold their summer meetings.

### Plan Wisconsin Annual Meeting

MILWAUKEE, May 24.—Committees of the Wisconsin Fire Underwriters Association are now working on the program for the annual meeting and outing at the Sherwood Forest Hotel, Green Lake, Wis., June 30-July 1. E. O. Spink, Milwaukee, state agent London Assurance, is president. In recent years the annual meeting has been held at Delavan Lake, Wis., but this year it will be in a more central location.

### Balance Situation Improved

DETROIT, May 24.—The agency balance situation has cleared up materially in Detroit particularly and to a somewhat lesser extent in outstate towns during the past month, a round table discussion of the situation at the May meeting of the Michigan Fire Underwriters Association revealed. President G. R. Livingston, state agent Aetna Fire, was in the chair.

### Indiana Field Meeting

The annual meeting of the Indiana Fire Underwriters Association will be held June 5 in Indianapolis.

### Central Kansas Field Club

The Central Kansas Field Men's Club of Wichita continued its study and discussion of the recent revisions of the Kansas rule book at last week's meeting. E. B. Fergus, Wichita branch manager of the Kansas Inspection Bureau, leading the discussion. The club

will adjourn early in June for the summer.

### C. D. Gabrielson, J. H. Banks

C. D. Gabrielson, veteran Royal state agent at Salem, Ore., retires June 1 after 27 consecutive years of service with the Royal group. His duties will be taken over by Special Agent J. H. Banks, Portland. Mr. Gabrielson has been in the insurance business 54 years.

Entering insurance in Des Moines in 1879 as clerk with the old Hawkeye, he went to Salem in 1885, establishing a local agency there. He joined the Royal in 1906 and has covered Oregon territory for that company ever since. He may again enter the local agency business in Salem or devote his time to his wheat farm. He is a life member of the Fire Underwriters Association of the Pacific.

### W. R. Caskey

W. R. Caskey has been appointed special agent in the Indianapolis territory by the Travelers Fire. He will be associated with State Agent A. B. Smilie in Indianapolis.

Before joining with the Travelers Fire Mr. Caskey served in Wisconsin and Indiana as special agent for the Commercial Casualty and the Aetna Casualty & Surety. He is a native of Greensburg, Ind., and a graduate of De Pauw University.

### R. E. Foy

R. E. Foy has been appointed special agent in southern California for the Girard Fire & Marine, Superior, Concordia and Pittsburgh Underwriters. He succeeds L. A. Dougherty, resigned. For a number of years Mr. Foy has been with the Firemen's group in Seattle and was recently transferred to Los Angeles.

### Los Angeles Golf Tournament

The California Blue Goose, Los Angeles, will hold its final golf tournament of the year June 2. J. P. McHale, independent adjuster, Los Angeles, won the low net prize at the May tournament and L. F. Fargo, independent adjuster, won the blind bogey prize.

### Malicious Litigation Hit

LANSING, MICH., May 24.—Two measures apparently designed to protect insurance companies from the damaging effects of maliciously inspired litigation are making progress in the Michigan legislature. One bill, which has passed the house, would remove insurance carriers, including fraternal, from proceedings in chancery in which courts could order a showing of assets, force officers to account for their acts or take other steps of a character unnecessarily damaging to the companies.

The other bill is in the house insurance committee but is expected to emerge soon. It would limit receivership and dissolution proceedings strictly to those sought by the insurance commissioner, thus preventing disgruntled policyholders from attempting to throw companies into receivership.

### Virginia Rating Bureau to Meet

RICHMOND, May 24.—The annual meeting of the Virginia Rating Bureau will be held here June 8. Coming as it does just after the meeting of the Southeastern Underwriters Association at Virginia Beach June 5-7, an unusually large number of company executives is expected to attend. In addition to reports by the governing and executive committees and Manager Spencer, six new members of the governing committee will be elected. A. R. Phillips, president Great American, is now chairman of the governing committee.

The Porter & Harding Adjustment Company has opened an office in the Pierce building, St. Louis. Members of the firm are G. W. Porter, F. O. Harding and Wilmer Shelton, all formerly with Weiss & Harding.



## Faults of Monthly Account Current Plan Cited by Critic

*The following provocative discussion of the monthly account current system and other balance questions was submitted by a reader, who prefers anonymity:*

After three years of a devastating depression it is still quite obvious that there is a lack of financial understanding between insurance companies and their agents. It is stupid on the part of the companies to close their eyes any longer to the precarious financial conditions of their agents. Such unthinking blindness has cost the companies millions of dollars in shortages and thousands of heretofore profitable accounts—to say nothing of the price that has been paid by a vast number of producers. Many agency disasters could have been avoided in the past and many can be avoided in the future if both parties concerned will consent to unveil this heavily shrouded and carefully shunned subject of collections.

Agency failure is due primarily to the three following causes: loss of renewal business and lack of new business; unwise extension of credit to policyholders; overburdening financially the volume of business.

There are perhaps others but of such infrequency that they do not warrant mention. The removal of these causes is by no means as easy as their designation.

Loss of business in these days, as far as the old established fire and casualty agency is concerned, is almost inevitable. The amount of shrinkage, however, is generally in direct proportion to the efforts put forth by the producer to maintain his volume. Regardless of rampant pessimism, there is new business to be had for the man who is willing to search it out. Hard work will still pay dividends.

### Loss of Business

Loss of business nevertheless is not the primary cause of agency failure. One often hears the statement, "If business had held up we would not be in our difficulties." True, but the answer is, "If you had readjusted your agency to meet your lessened income you would not be in them either." It is necessary first of all that an agency recognize the fact that its premium income has diminished and then act accordingly.

More vital to the existence of the agency than volume, is the matter of credit. The agent who extends excessive credit to his policyholders today is usually giving something that is not his to give. Unless he is willing to back up his accounts with his personal fortune (provided he has one) he has no right to extend more credit to his policyholders than the company will extend to them.

Much of the mishandling of the credit situation on the part of agents is due to the fact that companies mishandle credits. The monthly account current is a time-honored institution but under conditions of the past few years it has frequently proved to be an antiquated collection vehicle unequal to meeting the needs of either agents or companies. In theory the account current plan will pass muster but in practice, especially now, it has done more harm than any other one thing in the fire and casualty business. Those are strong words to use in connection with such an institution as the monthly account current, but, let us take a look at it.

### Wholesaler-Retailer

The monthly account current presupposes a wholesaler-retailer relationship between company and agent. The assumption is, that the agent purchases certain commodities from the company in the form of insurance policies. A month's purchases are then lumped to-

gether and paid for by the agent on a certain date, usually some 60 or 90 days following the month of purchase. In the first place, the relationship between company and agent is not that of wholesaler and retailer, instead it is that of principal and agent. The agent contracts with the company to handle a certain part of the company's business and for his efforts receives a fee known as a commission. The commission, when earned, belongs entirely to the agent to do with as he pleases; the net premium on the other hand is the property of the company. Why, therefore, should the agent assume the privilege of juggling the company's property around to suit his own pleasure? When an individual premium is paid by an assured to an agent it is the agent's duty to remit the company's portion of it without delay.

If the monthly account current system involved only a few questions dealing with technicalities it wouldn't be so bad, but it goes much farther than

that, it sets an insidious snare for the agent who is apt to make a few poor judgments relative to the premium paying proclivities of his customers. The average agent operating on the monthly account current plan, will usually find a few unpaid policies in his account at the time it is due for payment to the company. Rather than cancel such policies and take his loss on the earned premiums, the agent digs into next month's collections for some aid. This little practice is familiarly known as, "Robbing Peter to pay Paul." Unless he is extremely wary, this practice is repeated in increased amounts the following month and continued until it becomes a struggle to get enough money together to pay the company on the due date.

The next step in this declension is for the agent to drop back in his payments to the company. In these days it is very easy to go from a 60 to a 90 day basis, from a 90 to a 120 and so on until the company finally decides to call a halt. If the company has a fiduciary clause in its agency contract, the agent, unless he can scrape together the amount of his shortage, immediately becomes a criminal in the eyes of the law and the company holds the sack for the amount of the mishandled funds. Both the company and the agent lose, and let

it be known that there has been an astounding number of such losses in the last year or so.

The common sense method of correcting this situation is for the agent to pay his premiums to the company as they are collected. If a premium is not paid to the agent when it is due the company, the policy should be canceled. There are some few cases when it is perhaps expedient for an agent to advance a premium but such advances should be made from his personal funds and not from other collected premiums. This constitutes a cardinal rule that should never be violated.

There are still a large number of agents who wholeheartedly object to the "pay as collected" method. Their arguments, while sometimes given with great gusto, are generally lacking in logic. Two of the most prominent follow:

### Too Much Bookkeeping?

"The pay as collected plan calls for too much bookkeeping; it is too involved." When one considers the simplified remittance blank necessitated by the pay as collected plan alongside the highly complicated account current statement with its numerous columns and its recapitulation section, there seems to be little ground for this con-

## INTER-OCEAN REINSURANCE COMPANY

Inter-Ocean Building, Cedar Rapids, Iowa

Condition December 31, 1932

### ASSETS

|                                     |                |
|-------------------------------------|----------------|
| Bonds (Dec. 31 market value) .....  | \$2,383,887.92 |
| Stocks (Dec. 31 market value) ..... | 133,840.63     |
| First mortgage loans .....          | 657,440.00     |
| Home office building .....          | 88,497.43      |
| Accrued interest .....              | 104,661.05     |
| Due from insurance companies .....  | 349,275.33     |
| Cash in banks .....                 | 251,082.59     |
| Other assets .....                  | 32,726.19      |

Admitted assets .....

### LIABILITIES

|                               |                |
|-------------------------------|----------------|
| Unearned premiums .....       | \$2,078,636.32 |
| Reserve for losses .....      | 246,066.57     |
| Reserve for taxes .....       | 44,046.79      |
| Funds held for treaties ..... | 41,752.49      |
| All other liabilities .....   | 33,492.82      |
| Voluntary reserve .....       | 150,000.00     |
|                               | <hr/>          |
| Capital .....                 | \$500,000.00   |
| Surplus .....                 | 907,416.15     |
|                               | <hr/>          |
| Treatyholders' surplus ...    | 1,407,416.15   |

\$4,001,411.14

## REINSURANCE OF FIRE AND ALLIED LINES

tention. On the pay as collected basis of operation the premium when paid disposes of the risk until it comes up again for renewal. Is not this simplicity itself?

"The pay as collected plan is unnecessary, I can handle my own credit situation." The answer to that is easy, six words will do the trick—you can, but too many don't.

The overdue premiums receive all the emphasis under the pay as collected plan. The danger of excessive credit to policyholders is not only greatly lessened, but if the plan is strictly adhered to, entirely removed.

The greatest of the three causes for agency disaster is the third—the financial overburdening of the volume of business. Too much rent, too much help and other excessive overhead are sizable factors but the prime reason is usually found to be the amount of money that is taken out of the business by the agent or his partners. If the volume of the business goes down, the standard of living of the members of the agency must follow. It is not a case of tiding over to good times but rather a readjustment to bad times. In many instances it is not only the standard of living but it is also the mortgage on the home or some similar stable obligation, that piles on the expense. Do not blame the insurance business if because of a normal decrease your account is not able to feed your white elephants whose appetites are still in excellent condition.

Readjustment under these conditions is imperative and the best move to make first, is that of switching to the pay as collected plan. By so doing the agent knows exactly how much he has to pay his expenses with, and can then trim his ship accordingly.

The financial position of the agent today, while alarming, is by no means hopeless. The companies that will insist on the use of the pay as collected plan will help their agents. The agents who recognize the value of this basis of operation will save themselves.

#### Western & Southern at Pittsburgh

The L. A. Burnett Agency of Pittsburgh has taken the Western & Southern Fire of Cincinnati. Mr. Burnett was formerly president of the Monongahela Fire of Pittsburgh, which reinsured with the old American Union of Philadelphia in 1910.

#### S. C. Folks Undergoes Operation

S. C. Folks, manager of the E. A. Chick agency, Watertown, N. Y. is in a hospital in Philadelphia recovering from an operation performed last Monday.

## Notable Talk



PERCY H. GOODWIN

At the annual meeting of the New York State Association of Local Agents Percy H. Goodwin of San Diego, former president of the National Association of Insurance Agents, in his talk predicted that business hereafter would be subjected to more or less governmental control.

#### Van Schaick Calls Special Marine Committee Meeting

Superintendent Van Schaick of New York, chairman of the special marine committee of the National Convention of Insurance Commissioners, has called a meeting of the committee for 10:30 a. m. May 31 at the Edgewater Beach Hotel, Chicago. The purpose of the meeting, which is to be held the day before the opening session of the commissioners' convention, is to consider the question of a nationwide ruling on the scope of writing powers to be conferred on marine and transportation insurers. All persons interested in the subject are invited to attend the gathering and present their views.

The other members of the committee are Commissioners H. P. Dunham, Connecticut, and H. E. McClain, Indiana.

#### Will Take Firemen's Into the Local Board at Louisville

LOUISVILLE, May 24.—In connection with the formation of the Fidelity & Columbia Insurance Co. by the Fidelity & Columbia Trust Co. so that membership can be secured in the Louisville Board, the Fidelity brings to the organization the Firemen's of Newark. It will add two or three other large companies to its list. Some question arose as to the attitude of the National Association of Insurance Agents, owing to its fight with the Firemen's, toward the company and its affiliates becoming board companies in Louisville. Board leaders say that this matter is entirely for a local board to decide under the terms of the conference agreement between the National association and the National Board.

#### Advertising Conference to Hold Regional Conferences

As the result of a mail vote of the executive committee of the Insurance Advertising Conference, it has been decided to postpone indefinitely the annual meeting scheduled for Chicago in September, it was announced by President S. F. Withe. In order that members may not be deprived of the opportunity of exchanging information and ideas of value in meeting the present unusual conditions it has been decided to hold instead during the fall a series of informal one-day regional meetings whenever a sufficient number of members indicate a desire for such a discussion group. These meetings, modeled after the southern round table recently held by the southern members at Chattanooga, Tenn., can be of much value.

It is hoped that conditions will have improved sufficiently to hold the annual meeting for the election of officers and the transaction of any other necessary business during the winter months.

#### Kentucky Agent Honored

John McE. Cochran of the Sulzer-Cochran Agency, Maysville, Ky., has been named grand captain of the guard of the grand commandery Knights Templar of Kentucky. He is past commander of the Maysville commandery and is now in line for grand commander.

#### Florida Rating Bill Killed

The bill in the Florida legislature providing for the creation of an insurance board and the making of fire and wind-storm rates by the state has been killed.

#### Local Insurance Agency Has Published Statement

The Harry A. Koch Company of Omaha gets out a unique statement, just like a bank or insurance company. Assets are frankly shown, including cash in bank, customers ledgers, stocks and bonds, surrender value of corporate life insurance, furniture and fixtures with depreciation, and good will, which is carried at \$1. On the liability side are shown accounts payable to companies, accounts payable brokered, personal accounts, premium reserve, rent reserve, life insurance reserve, loss reserve, claim department, surplus and undivided profits, and capital stock. On the back page of the statement leaflet are listed the companies represented, with a statement that the representation gives the office the facilities of the company fleets. Banking references are given.

#### Seek to Check "Fag" Losses

Eighty-eight percent of the company membership of the National Board having approved its recommendation that liability be denied for cigarette scorch claims, which constitute close to 60 percent of the total number of all claims against fire offices, regional bodies and companies generally have been asked to advise their field representatives to cooperate in the effort to check this annoying and expensive loss drain.

#### Gets Sun in Florida

The George E. Edmondson Co. of Tampa has been appointed general agent of the Sun of London for Florida, succeeding Lawrence Haynes & Son, who represented the company in the territory for a number of years. The Edmondson Co. already represents the Sun Underwriters in the state.

#### Page Loses Appendix

Charles M. Page, North Dakota special agent for the Northern Assurance, underwent an appendix operation in a Fargo hospital. His condition is reported as satisfactory.

#### Bars Individual Insurers

AUSTIN, TEX., May 24.—Governor Ferguson has signed the bill prohibiting individuals from engaging in the business of insuring others against losses which may be insured against under the laws of Texas.

# MARSH & McLENNAN

## Insurance

FIRE  
CASUALTY

LIFE  
MARINE

BOND  
AUTOMOBILE

164 West Jackson Boulevard, CHICAGO

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DETROIT  
COLUMBUS  
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CLEVELAND

LONDON

MONTREAL  
PHOENIX  
WINNIPEG

DULUTH

SAN FRANCISCO  
LOS ANGELES  
PORTLAND  
SEATTLE  
VANCOUVER



## Skeptical of Cigarette Loss Reform

Herewith is presented a communication from a favorite author, Fretwilran:

I venture to say that you and many of your readers have attended meetings at which matters of vital importance were discussed, after which the presiding officer would offer some impassioned remarks concluding with: "Now, friends, as we go from here let each one of us consider himself a committee of one with the firm purpose to see that the desire so earnestly expressed to-night shall, indeed, become a reality."

Noble words and well-spoken! But in 999 times out of 1000 what happened? I'll tell you in one well-chosen word—nothing.

### Recalls Iroquois Fire

Therefore, when I read on page 5 of your issue of April 6 that "Denial of Cigarette Claims Is Urged by National Board" and that the executive committee of the board "believes" that the time has come when companies should instruct their representatives to refuse recognition of such claims, I recalled the Iroquois fire, the Titanic and the General Slocum disasters. For quite a while many people swore off attending the theatre or patronizing steamship companies but all those terrible happenings soon were forgotten and that is exactly what will happen, in the main, regarding recognition of cigarette claims, claims arising from scorching by electric flatirons and the like, unless there shall be an actual taking of the bull by the horns through a concerted movement. I think it was Senator John Sherman who declared "the way to resume is to resume" in the matter of specie payment and that sentiment certainly is appropos in the instant case.

One of the highest courts in the land stated: "Fire is always caused by combustion but combustion does not always cause fire," and if all the higherups can manage to accumulate enough intestinal fortitude once and for all to put the kibosh on this cigarette thing and others coming within the same category the reduction in claim-payments will be immense and no injustice will have been done to policy-holders. In fact, when it shall become known that no more claims of that sort will be recognized it ought to have the effect of making people (housewives especially) much more careful.

### VIEWS OF S. L. BASCH

Sidney L. Basch of the R. H. Gardner & Co. agency of Columbus, O., writes as follows:

In the April 6 issue of THE NATIONAL UNDERWRITER is an article both interesting, pertinent and paramount in the minds of every insurance agent and

salesman. I refer to the subject of cigarette claims.

In previous years claims for cigarette burns were exceptional and while they were a nuisance they could at least be pleasantly tolerated in order at least to keep the good will of our policyholders.

In recent years customs and habits of the people have changed. We no longer look askance at the feminine sex puffing gracefully at the innocent looking little cigarette, more than that, men have now taken up the custom in many cases and furthermore, a veritable army of the younger set, boys and girls alike now indulge in this pastime which was once unheard of.

### Burden Is Heavy

What does this all mean to the insurance companies in dollars and cents alone? It must run into thousands and even hundreds of thousands of dollars paid out in this country by insurance companies for cigarette burns. The average person is very careless in the smoking habit and especially when they happen to carry fire insurance as all they have to do is to call the agency next morning and report a loss.

Cigarette burns have become a terrible scourge eating into every agency in our country and spreading ill will and discord among policyholders and agencies alike. The lack of united action on the part of the companies to remedy this situation has up to now been very unsatisfactory and that has only made it more difficult for the agencies.

To quote from the article the following: "The fact that cigarette claims are paid has been broadcast from bridge table to bridge table throughout the country" is a sorry fact and when one company does refuse to pay claims due to cigarette burns the policyholder has only to reply "Mrs. John Doe" was paid for the same thing by her company and that leaves very little leeway for the agency refusing to pay the claim. And you can't blame the assured for kicking when she knows Mrs. Doe was repaid and probably without any questions asked.

It is not enough that one or two companies take a definite stand on this question. Neither, do I think, is the recommendation of the National Board that companies refuse to pay a satisfactory solution.

The one and only way to solve this ever growing menacing problem is to insert in the policies some clause or endorsement touching cigarette losses, something that is in black and white right in the form or policy that can be pointed to when the question arises and this must be universal.

Let us hope and pray that this will be done soon.

Tiffany, Jamestown; A. C. Wallace, Goshen.

Messrs. Gildersleeve and Rogers held the same respective offices last year. Mr. Poole was advanced from second vice-president. Resolutions were adopted opposing the establishment of a rate of commission by a rating organization, also opposing the offering by fire companies of a blanket coverage on mortgaged properties to life companies and other mortgages, and to the active solicitation of compensation business by the New York State Fund, also commending Secretary-Counsel W. H. Bennett for his efforts in behalf of legislation to divorce banking and insurance functions.

The association pledged its support to the stamping out of malicious rumors about the financial conditions of companies. Rochester's invitation to hold the meeting there next year was referred to the directors, the consensus however being that it should be accepted.

### Takes Over Keystone Exchange

The Keystone Indemnity Exchange, Harrisburg auto reciprocal, has been taken over by the Pennsylvania department under court order. The order was made on application of Attorney General Schnader with acquiescence of the officers of the company.

## Furrier Ruling Is Still Being Violated in Ohio

Despite a very definite ruling by the Ohio insurance department against furriers or fur storers issuing insurance certificates without a license, it is reported that several companies persist in writing this class of business. Both T. H. Tangeman, director of commerce, and Superintendent Warner have emphatically declared their stand in the matter and a notice was sent direct to companies last month advising them of a new ruling designed to eliminate all misunderstanding.

There is no objection to a plan under which a mere certificate or memorandum is given the customer, indicating that the furrier or fur storer carries insurance which protects the customers' property.

Several insurance boards in Ohio have backed up the insurance department's ruling. The department considers it one of the most important rulings of recent years and a showdown is expected if companies persist in writing such insurance. Violations have been reported since the April notice was sent out.

The *Excess* has been licensed in California with Swett & Crawford of San Francisco as general agents.

**"A FRIEND MAY WELL BE  
RECKONED THE MASTERPIECE  
OF NATURE."**

—Emerson.

## GOLDEN

Possibly that is the reason you and we like our business, and take proper pride in it; insurance is the act of a friend.

## ANNIVERSARY

In that business a friendly company is a real asset. For fifty years the Security Fire has valued its friendly contacts with its agents.

## YEAR

**Security Fire Insurance Company**  
Davenport, Iowa

PROTECTION SINCE 1883

## Local Agents Might Benefit from the R. F. C. Reservoir

It has been suggested in some quarters that the bill now before Congress proposing among other things that the Reconstruction Finance Corporation be permitted to buy preferred stock of insurance companies and assist them by putting more money into the enterprise if it seems best, might be extended so that the R. F. C. could assist local agencies in the same way. This would involve only an incorporated agency if stock were purchased. It is argued that there are many local agents that might be legitimately helped. There is a growing sentiment throughout the country that the smaller business enterprise is just as worthy as the bigger one and that the government should not discriminate against the more modest business.

Earl A. Truener, battalion chief, has become Minneapolis fire chief, succeeding C. W. Ringer, who has served for half a century.

## Better Fire Defense Is in Store for Schenectady, N. Y.

The National Fire Protection Association engineers after visiting Schenectady, N. Y., report that progress has been made to improve its bad fire loss record. The fire prevention committee of the chamber of commerce has secured the endorsement of the city government for action on a number of recommendations for better fire defense. The work of investigating fires is now being carried on more effectively. Progress has been made in the formulation of a revised building code. The engineers urged the establishment of a fire department drill school.

## Closer Regulation Seen By Goodwin in New York Talk

(CONTINUED FROM PAGE 8)

Utica; Hume Morse, Elmira; W. H. A. Munns, Syracuse; A. D. Pardee, Kingston; F. S. Pendleton, Brooklyn; B. G.

## Can You Answer Correctly These Questions on RECEIVERSHIP CANCELLATIONS

What is the principal purpose in appointing a receiver, in the case of an insurance company?

If a person owes an insolvent company money, and also has a claim against it, can the one be used to offset the other?

In the case of an insurance company receivership, what happens?

What is the status of claims for unearned premiums, commissions, etc.?

Is there any question as to the liability of the agent for the commissions on the unearned premiums, in the case of receivership cancellations?

Why cannot an agent keep the money which he happens to owe the company at the time of receivership, and use it to make good to his customers the return premiums on their canceled policies?

Is the agent liable to his customers for unearned premiums on canceled policies? Is it good business for him to refund the unearned premiums to his customers, standing whatever loss there might be?

Can policies written within 45 days previous to the receivership and canceled as a result of the receivership be canceled flat? Is the Globe & Rutgers in receivership?

What is the status of policyholder's claim for unearned premiums if the customer has paid the agent? If he has not yet paid the agent?

Is it necessary for the agent to secure an assignment of the policyholder's claim for unearned premium?

How should cancellations on account of receivership be handled on the agency's books?

These are but some of the many important questions which have come up since the several fire and casualty companies have gone into receivership. Can you answer them correctly?

If you represented a company which went into receivership and don't answer them correctly, it is bound to cost you money, time, trouble and the good-will of some of your clients.

**ROUGH NOTES**—"The Business Magazine of Insurance"—has secured the best available answers to these and other questions from well-known insurance attorneys and company executives. They will be published in a two page article in the June issue (mailed June 1st) together with a legal assignment of claim for unearned premium form.

This article is but one of many other practical articles and feature departments for local agents and brokers on the fire, casualty and surety lines which will appear in this sixty page issue. It is typical of the money-making educational material which appears in every issue of **ROUGH NOTES**.

If you are at all interested in practical, money-making solutions to your present day agency management and sales problems, you will want **ROUGH NOTES** coming to your desk regularly. The one article, "Receivership Cancellations," in the June issue can easily save you several times the cost of a year's subscription. Start this pioneer educational insurance magazine coming to you regularly with the June issue. You can't lose much under our "Start Now—Stop Anytime" plan.

### SPECIAL JUNE "GET ACQUAINTED" OFFER

During June, 1933 we will give FREE a special cloth bound copy of the book—**RIGHT TO THE POINT**—with each new cash-with-order subscription. **RIGHT TO THE POINT** is nationally known as a practical working manual for the fire insurance lines. It answers authoritatively 268 questions which come up regularly on these lines. You will find **RIGHT TO THE POINT** a valuable reference manual.

### ROUGH NOTES

"The Business Magazine of Insurance"

Published Monthly at 222 East Ohio Street, Indianapolis, Indiana

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NAME .....

ADDRESS .....

CITY ..... STATE .....

PLEASE CHECK—I am a ☐ Local Agent, or Broker; ☐ Field Man; ☐ General Agent; ☐ Company Executive, or Employee.

## Expect New Truck Rules to Aid Sales

(CONTINUED FROM PAGE 3)

to come unless the experience on trucking, especially long distance lines, shows improvement. Marine men are hopeful that the truckmen themselves will realize the urgent necessity of improving their loss ratio if present rates and broad coverage are to continue.

Because of the small size of many trucking concerns in relation to the firms for which they carry shipments, insurance is highly necessary to the truckman if shippers are to be expected to entrust their valuable cargoes to him.

## Large Buyers Probe Many Phases of the Business

(CONTINUED FROM PAGE 3)

goods which have been damaged and which would normally be salvaged and thrown on the market at a low price and with the possibility of giving unsatisfactory service and tearing down good will built up at great expense was also a subject of discussion. Rather than let such articles get out into the market it was recommended that the policy be endorsed to permit the maker to take back the goods and either remove any identification marks or else thoroughly recondition them to make them as good as new.

### Superficial Examination

The financial strength of the carriers and the best method of determining it were discussed, although it was fairly well agreed that a superficial examination of a company's annual statement was of little value.

"I think we are perhaps unduly alarmed," one speaker said. "The time to have worried was back in 1927 and 1928 when we were taking statement figures at their face value and being satisfied with enormous surpluses based on inflated stock values. While there have been unfortunate incidents, it should be remembered that most companies are readily reinsurable and there is small chance that any company will go out of business to the extent of causing a loss to any policyholder."

Whether to handle insurance with the aid of an outside insurance adviser, an agent or broker, or through direct contact with the carrier was a question which received a good deal of attention. The first method, the outside adviser, received scant support and definite opposition from at least one firm which had tried it.

### Rely on Agent, Broker

General reliance was placed in the agent or broker method. Great stress was laid on the necessity of picking a broker or agent because of competence and integrity rather than on a friendship basis only, the implication being that too many are selected on the latter basis alone, without regard to other qualifications.

Occasional direct contacts with the insurance companies were recommended, especially in settling a problem about which there is a doubt in the mind of the broker or agent. This procedure was advised as a means to a clearer understanding.

The possibility of devoting a paper at the next meeting and a period for extended discussion to obsolescence insurance was discussed.

### Miscellaneous Notes

The S. M. Dent Agency, Little Rock, Ark., has opened offices in the Pyramid Life building. Mr. Dent, for many years with Little Rock banks, has been with the Penn Mutual Life for the past year.

The Wasey-Neely agency, Lake Charles, La., has been changed to John L. Wasey, Inc. Judge Wasey died some time ago, but Mrs. Wasey retained the controlling interest in the agency, which recently took over Breau & Lamkin. Jack Lamkin is now manager with Ernest Breau as assistant manager.



A  
GOOD  
AGENCY  
COMPANY

NATIONAL  
UNION FIRE  
INSURANCE  
COMPANY  
Pittsburgh



## NEWS OF THE COMPANIES

### Is In Suspended Animation

**Whether Stuyvesant Will Be Ultimately Resuscitated Remains for Future to Reveal**

NEW YORK, May 24.—While plans for the future of the Stuyvesant have been considered ever since the reinsuring of its entire net liability in the Pearl Assurance of London, April 11, nothing definite has yet been arranged. The Stuyvesant reinsured its entire outstanding liability with the Globe & Rutgers at the close of 1931, executing at the same time a contract whereby the latter was to automatically take over the entire net liability upon all new writings of the Stuyvesant. By net liability was meant the liability of the Stuyvesant beyond that assumed by its various treaty offices. When the Globe & Rutgers encountered difficulties the management of the Stuyvesant, in order to protect its policyholders, reinsured all obligations previously carried by the Globe & Rutgers on its account, with the Pearl, the court sanctioning the release by the Globe & Rutgers of funds necessary to consummate the transaction, since which time the Stuyvesant has written no additional business. What the future of the organization is to be time alone will reveal.

### Gustafson in New Post

E. P. Gustafson, who has been with the American National Fire of Columbus, O., for the past 15 years as assistant secretary and who resigned a month ago, has been made assistant secretary of the Western & Southern Fire of Cincinnati, the fire running-mate of the Western & Southern Life and Western & Southern Indemnity. Heretofore the Western & Southern Fire has been planted only in the agencies with the Western & Southern Indemnity for automobile insurance. The Western & Southern Fire will now plant agencies throughout Ohio as a direct writing company. Mr. Gustafson will spend most of his time traveling in Ohio planting agencies.

The LeMars Mutual of LeMars, Ia., has reinsured the Iowa Mercantile Mutual Reinsurance of LeMars. The latter was formed in 1895. It had assets of \$7,939. Last year its premiums were \$19,430. The LeMars Mutual has assets of \$78,310 and last year its premiums were \$43,831.

### State Shows in Fine Shape

**Financial Statement of the Old Philadelphia Fire Company Reveals Its Present Condition**

The State of Pennsylvania, which had a reinsurance contract whereby the Globe & Rutgers took over 50 percent of its business, has come out in fine style, the American of Newark, as already announced, having taken over the Globe & Rutgers participation. As of March 1, the State shows loss reserve \$226,347, premium reserve \$577,818, reinsurance reserve in the American \$675,929, total liabilities \$1,801,625, capital \$1,000,000, net surplus \$1,339,446, assets \$4,141,072. The bonds and stocks were valued at market values as of May 11. If the bonds were valued on the amortized basis the assets and surplus would be increased \$544,860.

President Remak states that the greatest possible loss to the State from claims against the Globe & Rutgers even if its plans for rehabilitation should fail will not exceed \$703,000. That would still leave the State a policyholders' surplus of \$1,636,446. The State was started in 1794 and is one of the old and valued companies of the country.

### Trans-Canada Interest Sold

Controlling interest in the Trans-Canada of Montreal has been sold by P. J. Perrin, vice-president and general manager, to the Provident Adjustment & Investment Company of Montreal. Mr. Perrin will continue in his present capacity. The Trans-Canada and the Sussex Fire will operate as formerly with Mr. Perrin as chief agent in Canada.

### To Hold Kansas Convention

All officers and executives of the Western companies of Fort Scott, including Ray Duboc, president, will meet with the companies' Kansas agents for a one-day discussion of problems and sales ideas at Topeka May 29.

May was designated "Kansas Month" for a sales campaign climaxing in the convention, and agents have been bulletined frequently both this month and last regarding the meeting.

The Wisconsin department has licensed the Midwest Mutual Fire of Eau Claire, Wis. G. W. Wilson is secretary.

Francisco, refinery, \$100,000; Seattle, business block, \$150,000; Atlanta, elevator, \$350,000; Hayworth, N. J., country club, \$150,000; Pottstown, Pa., school, \$125,000; McFall, Mo., business block, \$150,000; Windber, Pa., machine shop, \$75,000; San Francisco, school, \$75,000; Elizabethtown, Pa., planing mill, \$100,000; Ruth, Minn., school and convent, \$100,000; Chicago business building, \$100,000.

The following table shows the losses for the first four months of this year compared with similar months of last year:

|       | 1931         | 1932         | 1933         |
|-------|--------------|--------------|--------------|
| Jan.  | \$44,090,449 | \$39,224,783 | \$35,547,565 |
| Feb.  | 41,776,051   | 39,824,622   | 36,061,481   |
| March | 44,074,362   | 49,189,124   | 35,321,248   |
| April | 41,423,764   | 43,822,233   | 27,825,970   |

Total \$171,364,626 \$172,060,762 \$135,356,264

\* \* \*

### PUBLIC NEEDS MORE KNOWLEDGE

The general public should learn more about insurance rather than simply turning over its insurance buying carte blanche to an agent or broker. R. H. Blanchard, professor of insurance at Columbia University, told members of the insurance division of the American Management Association.

The impression that insurance is too technical for the layman to cope with has given rise to a general lack of curiosity as to how insurance operates

and has resulted in a vague impression that insurance is a "good thing" and a person should take whatever amount he can afford. Prof. Blanchard said, but although this state of affairs is a tribute to the public's confidence in the institution of insurance, it does not make for intelligent insurance-buying which will properly cover the needs of the insured.

The insurance buyer, Prof. Blanchard said, should consider his hazards, figure what position he would want to be in in the event of a loss, and then buy on that basis.

He suggested that it might promote a better understanding if insurance generally adopted a simplified first page for policies, along the lines of the life policy. This would help remove the idea that insurance is too technical for the layman to understand.

### Connecticut Agents' Meeting

The midsummer meeting of the Connecticut Association of Insurance Agents will be held at Norwich, June 20. Norwich being the home of the redoubtable James L. Case, he will act as the official host.

The Universal has withdrawn from British Columbia and its business has been reinsured by American of Newark and Eagle Star & British Dominions.



## Fire Association of Philadelphia The Reliance Insurance Company Victory Insurance Company

OTHO E. LANE, President  
JAMES G. MACONACHY, Vice-President  
WILLIAM S. EVANS, Vice-President  
J. VICTOR HERD, Secretary

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Philadelphia

### DEPARTMENTAL OFFICES

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### OCEAN AND INLAND MARINE DEPARTMENTS

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8 South William Street New York City

Service Offices or General Agencies in all Principal Cities

Detailed list of Securities showing  
condition as of December 31st,  
1932, will be supplied on request.

## VIEWED FROM NEW YORK

By GEORGE A. WATSON

### SUPERINTENDENT IS UPHELD

The contention of Superintendent Van Schaick of New York that he has power under the law to compel examination of a witness and the production of records, has been upheld by the appellate division of the state supreme court to which appeal had been made by the superintendent from an adverse decision of a lower court. The action arose through the issuance by the department of a subpoena to Nathan Block & Co. to determine the relations of the brokerage office with the Union Indemnity, for which Mr. Van Schaick is conservator in New York.

### DECISION IS UPHELD

A lower court decision in favor of the Home of New York, its affiliated companies and President Wilfred Kurth in the \$1,623,375 suit instituted by Kidder-Peabody Company has been upheld by the appellate division in New York.

### REDUCTION IN PRICES

Those who are interested in improving their sprinkler equipment or putting

in new heads find that there have been considerable reductions in price of sprinklers in lots of 50 or more. There are a number of building owners that are replacing the old heads which have been impaired due to age, corrosion or some other condition. Reductions have been made in prices of other sprinkler equipment.

### APRIL FIRE LOSS

The New York "Journal of Commerce" records 222 fires in April in the United States and Canada where damage of \$10,000 or more was caused. The aggregate was \$8,675,500. The most important fires were: Montreal, dwelling, \$75,000; Holyoke, Mass., recreation center, \$150,000; Iola, Ia., candy factory, \$150,000; Harvey, Ill., appliance plant, \$75,000; Lake Charles, La., business block, \$150,000; Menominee, Mich., garage, \$75,000; Simsbury, Conn., school, \$150,000; Bridgewater, Mass., business block, \$100,000; Toronto, Ont., church, \$100,000; McPherson, Kan., business block, \$100,000; Phoenix, Ariz., store, \$75,000; Los Angeles, laundry, \$100,000; Appleboro, Mass., business building, \$75,000; Omaha, dwelling, \$75,000; San

## AS SEEN FROM CHICAGO

### J. D. WIESE JOINS NORTH

John D. Wiese has severed his partnership with Frank L. Erion of Chicago to become vice-president of the Thomas T. North Adjustment Company of that city. Mr. Wiese and Mr. Erion have been associated since 1926. Before that Mr. Wiese was assistant manager of the Underwriters Adjusting.

The North organization was started in 1911 for automobile adjustments and specialized in that field, adding inland marine and liability and property damage two or three years ago. Now the

office is branching out into the fire insurance field and Mr. Wiese will be in charge of that branch. Thus the office is equipped to handle losses of almost every character.

### HEARING ON QUALIFICATIONS

Considerable opposition to the qualification bill drafted by Superintendent Palmer of Illinois developed at hearings last week and this week before the house insurance committee. The advisory council of Illinois insurance organizations placed in Mr. Palmer's

**A Bad Accident**  
...someone injured...property  
damaged...legal action...  
bickering and delays...court  
costs...damages...

THESE, usually, are the elements involved in a serious automobile accident which even the most careful drivers frequently experience. To relieve motorists of such costly and disagreeable consequences is the purpose of Automobile insurance.

As a leader among progressive Automobile insurance carriers the American Motorists Insurance Company is exceptionally well-equipped to properly discharge this function.

This sound stock company (assets over \$3,780,000, surplus to policyholders over \$1,000,000) provides the utmost in reliable protection. Through a nationwide claim organization it offers coast to coast service, and its policyholders are further benefiting through unusual economy of cost.

Aggressive AMICO representatives, armed with the definite appeal of these advantages, are building agency premium volume through concentration on the Automobile insurance field.

## AMERICAN MOTORISTS INSURANCE COMPANY

James S. Kemper, President

MUTUAL INSURANCE BUILDING, CHICAGO, U. S. A.

Largest Illinois Stock Casualty Insurance Company

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hands a completely rewritten bill. Two amendments were proposed by counsel for the Country Life of Chicago, one of these being to exclude the company on the theory it was organized for educational purposes among farmers. Inclusion of life insurance agents has brought much criticism. President Henry Abels of the Franklin Life of Springfield stated the bill as drawn does not apply to life agents and a separate bill for life men was to be filed. A. A. Kruger, assistant secretary Millers National Fire, Chicago, said the \$5 license fee would develop retaliatory action from other states which it was estimated would cost that company alone \$10,000 annually. Due to the opposition on many counts there is now some question whether Superintendent Palmer will press for passage of the bill.

Among those who attended the hearing were President A. S. Schwartz of the Illinois Insurance Brokers Association, Manager W. O. Schilling of the United States Fidelity & Guaranty, Chicago; N. P. Blanchard, immediate past president Illinois Association of Life Underwriters; Edward St. Clair, North American Accident, Chicago, and Norris Bokum, general agent Massachusetts Mutual Life, Chicago. The "trust fund" provision in Mr. Palmer's bill, according to an informal legal opinion obtained by Past President F. P. Lavin of the brokers' association, very likely would force agents and brokers to report company funds held in trust for the purpose of personal property tax, a requirement in one of the interrogatories in the personal property return. Illinois agents and brokers now in making the returns deduct all premiums held temporarily. It was the opinion that agents and brokers would have to pay tax on these funds if they were declared trust funds but would probably pass the bill along to the companies. This would require considerable extra book-keeping.

### BROKERS REDUCE DUES

Directors of the Insurance Brokers Association of Illinois have voted to reduce annual dues from \$15 to \$10 for this year, subject to ratification of members at the next quarterly meeting. The plan calls for adjustment in the case of members who paid on the \$15 basis. The association again is in the throes of the \$25 city license controversy. A number of brokers have been arrested in a new move by the city and the association has employed counsel to fight the case.

### REARRANGES REPRESENTATION

Waidner, Power, Zweig & Lasch, class 1 agency in Chicago, has made some changes in its companies, the present representation being the American Eagle, National of Hartford, Queen, Atlas of London and Eagle Indemnity. The agency has taken extra space adjoining the office in the Insurance Exchange to accommodate additional office producers. All members of the firm are active producers controlling a large direct business and report premiums in the first four months this year exceed those for the same period in any of the last five years.

### CLUB OFFICERS HOLD OVER

The old officers of the Insurance Club of Chicago, headed by E. S. Rappaport, assistant manager Pacific Mutual Life, were continued temporarily at the annual meeting. Another meeting will be held in a month when it is expected new officers will be elected.

### STREET WELCOMES AGENTS

C. R. Street, vice-president and western manager of the Great American, has sent a communication to agents, inviting them to visit the western department offices while in Chicago for the world fair and offering to be of assistance in any way. The Great American's western department offices are located on the 13th floor of the Straus building, on Michigan avenue, only a

few blocks from the north end of the fair grounds, and command a good view of the fair.

"The great majority of you, we are sure, want to see the Century of Progress, commemorative of the first century of Chicago's existence," Mr. Street's communication reads in part. "While probably less spectacular than the world's Columbian exposition in 1893, which established a high water mark for enterprises of the kind, and different, the fair of 1933 will demonstrate in a vivid way the advance of science and the progress of the world during those recent decades when it has moved faster and further than in any previous period of several centuries.

"Our office is nearest the grounds, commands an unequalled view of Grant park and the lake and when you or those associated with you visit the fair, just as at other times, we want you to give us an opportunity to add in some small measure to the pleasure of your stay."

### S. A. BELL STARTS OWN OFFICE

S. Alexander Bell, a certified public accountant in Chicago, who had much experience in insurance accounting, has started his own office at 128 North Wells street. Associated with him is John W. White, who has had 12 years' insurance accounting experience, having started with the Hartford Fire. Mr. Bell has introduced systems in a number of companies that have produced substantial economies.

### CIGARETTE LOSSES DECREASE

Several companies report that the number of cigarette claims paid in Chicago is about one-third of the amount paid, before the Cook County Loss Adjustment Bureau started disallowing such claims. For instance one company that heretofore had regarded 500 cigarette claims in Chicago a month as normal, now finds that it is paying only about 125 such losses a month.

### AUTO RATE CONFERENCE

A conference of the western advisory committee of the National Automobile Underwriters Association and a committee of Chicago agents was held Tuesday of this week in connection with the new Chicago automobile rate program. Some of the agents complain that the new rates in the suburban territory are so low that policyholders are demanding the privilege of having their old policies canceled and rewritten to take advantage of the lower tariff. Various alleged inequalities were cited by the agents.

J. K. Walker of Moore, Case, Lyman & Hubbard is chairman of the agents' committee. Others in attendance were Hamilton Loeb, P. B. Hosmer and W. H. Stewart.

A subcommittee of the advisory committee will study the question further.

### HARVEY INSPECTION SUCCESS

Some 195 defects were found in 230 inspections made by the Cook County Field Club at Harvey, Ill. President F. B. Ingledew talked on fire prevention at a luncheon attended by 115 persons. Chief Frank McAuliffe of the Insurance Patrol, Chicago, was introduced. City Clerk F. C. Norton, chairman of the Harvey fire prevention committee, was toastmaster. The 50 boy scouts who aided in the inspection were guests at the lunch.

### Syracuse Arson Wave Reduced

The National Fire Protection Association engineers who visited Syracuse report that the wave of arson from which the city has been suffering has been materially reduced through the activity of the arson squad and with the cooperation of the local banks. The engineers say that the practice of the banks to apply insurance loss payments as a reduction of mortgages has proven effective in taking much of the profit out of incendiarism.



## English Company Official Gives Interesting Views on Insurance

F. W. Pascoe Rutter, chairman of the London & Lancashire head office, in his annual report comments on some features in insurance that are of interest. He said there has been no period within his recollection like 1932, so replete with instructive knowledge. In many directions, however, officials seem powerless to enforce the necessary correctives. In his report a year ago he pointed out the high loss ratio in private dwellings in America. That clearly indicates, he said, the ruthless desire of policyholders to extinguish their mortgage indebtedness.

### Comments on Casualty Lines

In the casualty business in America, especially in workmen's compensation and automobile, he finds excessive claims put forward, the companies being imposed on. He said that this has become quite a lucrative business done by enterprising lawyers, who have taken up doubtful cases and reopened others which had already been settled resulting in the courts often conceding extravagant damages. In the United States he finds that the automobile theft ratio has diminished. Mr. Rutter said that while contract and surety bonds had up to the last few years been free from any particular blame, due to present day circumstances, they now have become a serious matter. Bonds which had been issued five or ten years ago under what appeared to be in quite legitimate and sound condition have now, due to the failures, which had never been contemplated, become heavy losses.

### Soundness of Business Unquestionable

Mr. Rutter said that the British companies trading throughout the world have been subject to its big vagaries. Evidences of prosperity or otherwise in the case of insurance lag behind those of trade. The insurance companies did not feel the brunt of the depression to any appreciable extent until it had become apparent in trade and commerce generally. He said, speaking of British companies in the aggregate, the soundness of the business is still unquestionable. The most difficult field, he admits, at present is the United States. As soon

as America puts its house in order the sooner and the more certain will be the return of British companies to the halcyon times, he stated. Insurance, Mr. Rutter declares, must always be purchased. The world cannot do without it. The depletion of funds and interest income in America he said will be followed by an improvement in the conditions of underwriting so that profits can be made independently of and without reliance on the fruits of investment.

Considering the many defaults which every company with large investments has experienced, Mr. Rutter said it is remarkable that there has been so little change in the resulting net interest income. In speaking of world changes Mr. Rutter said:

### World Changes in Sight

"The net result of it all is that we must realize that the world is at present going through a steady revolution—a metamorphosis—that many new forces have been let loose which it is difficult to control; that the end is not in sight; that, if we have reached, as I am now beginning to hope, the bottom of the world trade cycle, the upward movement has not yet really begun; that our government and every government is being driven very hard to adopt this and that expedient to get over the immediate difficulties; but that, with an over-populated world, and every country nervous and anxious about its own well-being and future, patience and time are essential before we can emerge from the jungle.

### Tired of Formal Conferences

"Even during the past month there has been a welcome change. The world is tired of elaborate formal conferences and commissions which have sometimes proved stillborn, and frequently have died of inertia. The world cannot wait. The informal heart-to-heart talks which have just taken place between the President of the United States and our premier should, therefore, hasten the recovery, and deserve the sympathy and patient consideration of every nation anxious to terminate the deadlock."

## Marked Increase Shown in North Carolina Membership

An increase in membership from 92 to 312 since the first of the year, when he became manager of the North Carolina Association of Insurance Agents, was reported by John D. Saint at the annual meeting in Winston-Salem. Fifteen semi-organized local exchanges have grown into 28 active ones, 18 of which are fully coextensive.

Mr. Saint urged the adoption of a new financial program and a new dues scale providing for 12 different groups of agents. In asking the agents' support of the new schedule, Mr. Saint asked them to consider the benefits which come from the association and those evils which will grow out of it if the association fails. For 1 percent of an agent's premiums he secures protection against unfair competition, overhead writing, unethical practices and competitive extension of collections.

### Schoen Made President

The New York Suburban Agents Association's annual meeting elected the following: President, Charles Schoen, Mount Vernon; first vice-president, James Kilby, Nyack; second vice-president, Charles Wagner, Tottenville; secretary-treasurer, J. J. Roe, Jr., Patchogue. Directors: Nassau county, T. H. Darling, T. B. Klapper; Suffolk, Robert O'Donahue, Cornelius Murphy, A. C. Edwards; Westchester, G. L. Bell, M. M. Lent,

## Trusteeships Offer Danger Unless Safeguards Taken

Indicating the potential dangers in the trusteeship of agencies unless all safeguards are taken, is an unusual suit which has been filed against several companies in Nebraska.

An agency in that state was trusted and the local agent was retained on a drawing account. Field men were supervising the operations. Unbeknown to the field men, this local agent sold insurance in wild cat companies on the side. One of the clients, who was insured in a wild cat company, suffered a loss and was unable to collect. That assured then filed suit against the legitimate companies in the agency on the theory that they were responsible, because the agency was being operated by them.

Robert McKenzie; Rockand, J. W. Gilles, Peter Murdock; Richmond, A. L. Schwab, Roy Hoyt; Queens, John Fritz, W. B. Dickinson.

## FINANCIAL SECURITY

*Plus*

SOUND PRINCIPLES OF BUSINESS DETERMINES CHARACTER



Will Wright  
Field Correspondent

THE YORKSHIRE INSURANCE CO. LTD.  
LONDON & PROVINCIAL MARINE & GENERAL INS. CO. LTD.  
SEA BOARD FIRE & MARINE AND THE YORKSHIRE INDEMNITY CO. OF N.Y.

90 JOHN STREET - - NEW YORK CITY

## NEW YORK UNDERWRITERS INSURANCE COMPANY

CAPITAL \$2,000,000

A. & J. H. STODDART, General Agents

100 William Street - - - - New York City

FIRE - AUTOMOBILE - WINDSTORM  
BUSINESS INTERRUPTION INDEMNITY

NORTHERN ASSURANCE CO. LTD. OF LONDON  
A PROGRESSIVE COMPANY FOR PROGRESSIVE AGENTS

CHICAGO

NEW YORK

SAN FRANCISCO



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## Opportunity for Tornado Insurance

THERE would seem to be a very great opportunity still for agents to solicit windstorm insurance. So far as farm property is concerned, the agents specializing on that class have done a mighty fine job in writing the combined policy on a big majority of the risks. The farmers have been convinced that tornado insurance is just as valuable as fire insurance and even more so.

This is not the case in the cities and even in the smaller places. There are some interesting statistics, for example, coming out of the tornado that struck Nashville some weeks ago. There were 1,463 buildings damaged and 158 completely destroyed. The property damage in Nashville and its environs was about \$1,600,000 and the insurance loss about \$500,000. Between 25 and 30 percent of the owners of buildings whose property was damaged carried tornado insurance. In this case it is interesting to see that the percentage of owners of frame structures carrying insurance was much less than those of superior construction. Even where owners were insured it was found in numerous cases that the insurance was not sufficient to cover the loss. There were 1,096 frame structures damaged, 306 brick and stone, 36 stores, 16 churches, four school-houses, three factories, one library and one lodge hall.

## Educating the Public

INSURANCE is often presented to the public in a way by prominent officials, who presume to speak with authority, that causes prejudice unnecessarily in the minds of the public. We are interested in glancing over the report of the department of industrial relations of California by T. A. REARDON, the director, to the governor's council. In speaking of workmen's compensation business of the state, Director REARDON makes this astounding observation:

"The work done by the rating bureau proves its worth since a survey shows that even the companies doing a national business which have failed made a profit on the workmen's compensation insurance written. It was losses paid in other lines that forced

Taking Nashville as an example, it can probably be said that it is as highly insured from a windstorm standpoint as almost any city. This is due to the fact that Tennessee and adjacent areas are frequently visited with damaging high winds. Almost all these Nashville buildings carried fire insurance. The owners appreciated the necessity of protecting themselves against fire loss. Yet the possibility of windstorm loss is greater.

Take a big city of Chicago's size and perhaps not more than 7½ percent of the buildings carry windstorm insurance.

THE TRAVELERS FIRE records the fact that in the 10 days following the Nashville storm there were 3,000 new tornado policies sold. It says in this connection: "There were two reasons for this. One was that it didn't take much effort to convince property owners that damage by windstorm was possible. Secondly, and more important, the attention of the insurance agents in Nashville was turned towards the windstorm line and they actually solicited this business. As a matter of fact, these 3,000 property owners needed windstorm insurance a whole lot more 10 days before the windstorm than they did 10 days after. Many of them could have been sold by a convincing salesman who was well armed with the facts."

these companies into the hands of receivers."

This will be read by insurance men with consternation. Last year the figures just compiled showed that the aggregate loss on compensation insurance was 18.2 percent and in 1931, 19 percent. Workmen's compensation has been an outstanding loser. It is one of the very unprofitable lines in casualty insurance. Director REARDON had better brush up on his information.

You can make more sales during the cool hours. Start out with the birds in the morning. Make 50 percent or more of your sales before noon. It is being done and it pays big.

## PERSONAL SIDE OF BUSINESS

E. A. Paviour of Rochester, N. Y., well known local agent, is prominent in the public eye at this time. He has been a member of a business men's committee of five cooperating with the Republican organization to bring about a complete shake-up in the city government. As a result Rochester has a new mayor, comptroller, city manager and one new councilman. Mr. Paviour is recognized as one of the strong men on the committee.

E. D. Lawson of Chicago, head of the western marine department of the Fireman's Fund, has been elected by the village council of Park Ridge, Ill., where he resides, fire and police commissioner.

Mrs. A. B. Whittemore, wife of the Indiana special agent of the Glens Falls group, who has been in an Indianapolis hospital for a major operation, is making a fine recovery and it is expected she will be able to return home this week.

Harold Sheppard, well-known Wichita, Kan., local agent, is back at his office following several weeks' confinement from injuries suffered when he was knocked down and trampled by an infuriated bull at his suburban home near Wichita. Several ribs were broken and other serious injuries inflicted. Mr. Sheppard was confined to his bed for ten weeks.

Lee Herdman, insurance director of Nebraska, was operated on Monday for removal of a cataract which has interfered with his sight for a long time. A second operation will be necessary later.

E. S. Inglis, vice-president of the Corroon & Reynolds organization, became indisposed at French Lick, Ind., while attending the annual meeting of the Western Sprinkled Risk Association. He was confined to his room and his departure was delayed.

Arthur J. Hughes, special agent for the Phoenix of Hartford with headquarters in Rochester, N. Y., has been ill for the last four weeks.

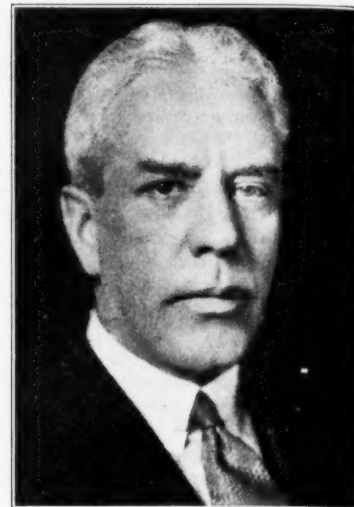
Mrs. J. J. McDonald, widow of the old-time western manager of the Connecticut Fire and previous to that the Continental, died in Nashville, Tenn., last week at the age of 83. A daughter, Mrs. J. Virgil Richards, resides there and Mrs. McDonald made her home with the Richards' family. Mr. Richards is a field man for the Hall & Benedict general agency of Nashville. The funeral was held Saturday in Lake Forest, Ill., at the home of a daughter, the wife of Judge C. N. Goodwin. There are two sons surviving, Stewart of St. Louis, and John J., Jr., of Duluth. A third daughter is Mrs. C. A. Wright of Edna, Tex. Mrs. McDonald was well known to the older generation of insurance people when she resided in Chicago.

President H. A. Behrens of the Continental Casualty and Continental Assurance of Chicago is on a tarpon fishing trip in the Gulf of Mexico, off the coast of Corpus Christi. He is accompanied by Bob A. Killson, general agent at Houston. Mr. Behrens is one of the most ardent fishermen.

J. Ross Moore, secretary National Automobile Underwriters Association in New York, who has been in bad physical shape during the last few days, was operated on in a hospital in New York Monday.

L. H. Bridges of Chicago, special agent of the Home of New York group in Illinois and grand supervisor of the flock of the Blue Goose, was the guest

## Chosen As Head



B. M. CULVER

President B. M. Culver of the American Fore companies has been elected head of the New York Board. Hart Darlington, manager Norwich Union Fire, was made vice-president; W. L. Chambers, treasurer; W. C. Howe, assistant treasurer; W. E. Gildersleeve, Jr., of the Fireman's Fund, was chosen secretary. K. O. Gronau of the Central Fire Agency was elected assistant secretary.

of honor at the dinner dance given by the Wisconsin home nest Saturday evening in Milwaukee. The grand supervisor was introduced by C. P. Helliwell, grand wielder of the goose quill.

R. A. Weldon, resident adjuster at Middlesboro, Ky., for the Western Adjustment, has been appointed a colonel on the official staff of Governor Laffoon of Kentucky with all the privileges and honor that the rank carries.

Elmer H. Dearth, former Minnesota insurance commissioner, who has been in Detroit for some 20 years as a company official and advisor, is returning to St. Paul and will reside at 1156 Lincoln avenue. Since retiring from the General Casualty & Surety of Detroit he has been engaged in an advisory capacity for companies and also has acted as insurance broker. He will perhaps continue in the same line of work in St. Paul.

J. N. Seabold, 71, with the Columbia of Dayton at its home office, and his wife, Mrs. Eleanor Seabold, 68, died this week, just 50 minutes apart. Mr. Seabold collapsed when he went to the home of his son to inform him of Mrs. Seabold's death.

Mrs. A. G. Dugan, wife of the western general agent of the Hartford Fire, died at her home in Hinsdale, Ill., last week at the age of 67. Mrs. Dugan had been in ill health for two years. Funeral services were held in Grace Episcopal church in her suburb. The Dugans located in Hinsdale after Mr. Dugan was transferred from Kentucky, where he was state agent, to Chicago in an executive capacity. In addition to Mr. Dugan there are three sons, A. G. Dugan, Jr., who is with the advertising department of the Hartford Fire at its head office; Hugh, who is in the automobile department of the company in Chicago, and Joseph, who is on the Chicago "Tribune" staff. There is a daughter, Miss Forrest Dugan, who is a well known interior decorator.



DURING THE GOLD RUSH DAYS OF '49, THE GLENS FALLS MADE ITS BOW



*The first bridge across the Hudson River at Glens Falls*

# STRENGTH

During the 1790s the first bridge was built across the Hudson River at Glens Falls. It was not the first nor the largest bridge to span this river but it was one of the strongest. The old wood cut of this bridge shows that its piers were built of rock on rock—strong enough to withstand the ever increasing traffic which crossed the river at this point. Within a stone's throw of the site of this sound and strong old bridge, the Glens Falls Insurance Company was founded on the rock of character. Even as this old bridge was later removed to make room

for a more modern and better

structure, so has the Glens Falls been changed in outward form—increased in size, been strengthened and modernized to take care of the changing business conditions. The history of the Glens Falls Insurance Company is similar to that of the first bridge at Glens Falls. It was not the first company to span the hazards of the public with its insurance and it has not grown to be the largest—but its financial structure has been built to withstand the peak load of conflagrations and business depressions. The Glens Falls is proof that the largest is not always the strongest.



DURING THE GOLD RUSH DAYS OF '49  
THE GLENS FALLS MADE ITS BOW

*Glens Falls*  
INSURANCE COMPANY  
Glens Falls, New York

*COMMERCE*  
INSURANCE COMPANY  
Glens Falls, New York

*Glens Falls*  
INDEMNITY COMPANY  
Glens Falls, New York



# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Hit "Whispering Campaign"

**All Insurance Organizations in Michigan Join in Concentrated State-Wide Drive**

DETROIT, May 24.—Fire and casualty agents of Michigan, stock, mutual and reciprocal, have launched a state-wide drive to throttle the vicious and often malicious "whispering campaign" concerning the financial status of various carriers operating in the state. The situation has grown steadily worse since the failure of Globe & Rutgers and especially since the difficulties of the National Surety became public.

The Detroit Association of Insurance Agents started the drive with a strong bulletin to its membership, pointing out that the insurance business as a whole is suffering severely as a result of the rumors that have been spread by insurance men regarding competitive companies, which has a decided tendency to cause the public to discontinue insurance of all kinds. The bulletin urged members to demand proof of such statements wherever they run across them and to do everything possible to check the reign of gossip that is rapidly creating a serious situation in Michigan.

A few days later the Insurance Federation of Michigan, including stock, mutual and reciprocal carriers in its membership, sent out a similar letter to its members under the signature of Kenneth Watkins of the Kenneth Watkins Corporation, president. George Brown, executive secretary of the Michigan Association of Insurance Agents, will include a bulletin on the subject in his monthly "Spotlights." Preliminary reports indicate that rumors dropped as much as 50 percent in the Detroit area after the action of the Detroit board.

### A. B. Gookin Protests Some Practices in Farm Field

A. B. Gookin, local agent at Chariton, Ia., writes to THE NATIONAL UNDERWRITER protesting against the action of companies in deferring payment of commissions to agents on farm instalment business until each instalment is paid. Mr. Gookin contends that under this system the agent is financing the company so far as farm business is concerned. He admits that the companies have suffered heavy loss ratios on farm business, but he asks how long the average country agent can last if he is forced to wait until the expiration of the policy before his commission is paid. He points out that the companies are not the only ones that have suffered in the depression.

Mr. Gookin states that the agents are likely to favor mutuals, which do pay the commissions in advance.

Mr. Gookin also said that some concern is felt at the change of attitude of the companies toward classes of farm business. He points out that in former days the farm dwelling was considered the cream of the business but barns were regarded as undesirable. Now the companies, he states, insist that farm machinery, live stock, grain, etc., accompany the application before a risk will be regarded favorably. The various restrictions that are being thrown about farm underwriting, according to Mr. Gookin, are likely to force good agents from the field.

T. Alfred Fleming, head of the conservation department of the National Board, spoke last week at a meeting of the Toledo Exchange Club.

### Cancellation Rule Opposed

**Detroit Agents Criticize Ohio Inspection Bureau's Occupancy Measure—Name Three More Directors**

DETROIT, May 24.—There is no demand on the part of Detroit or Michigan agents for a cancellation rule such as has been promulgated by the Ohio Inspection Bureau, permitting the pro rata cancellation of a policy at a lower rate only if the symbol "R" appears in the occupancy column at the time the rate is promulgated. This was brought out forcefully in a round-table discussion at the May meeting of the Detroit Association of Insurance Agents.

#### Rule Called Unfair

The agents pointed out that such a rule is distinctly unfair to the assured since a change of occupancy may greatly lessen the fire hazard covered by the policy, making it a more favorable risk for the company and from the standpoint of equity entitling the assured to a reduction in his premium regardless. A pro rata cancellation should be available at any time to the policyholder if the policy is cancelled and rewritten in the same company, covering the same risk, by the same agency, for the same term and same face, or larger.

The association's constitution was changed to provide for 12 directors instead of nine. W. S. Halla, Kelly-Halla-Peacock; J. C. Townsend, Michigan Insurance Agency, and D. F. Broderick, Managing Underwriters Corporation, were named to the additional positions.

### Dismiss Cleveland Arson Squad as "Economy" Move

CLEVELAND, May 24.—The arson squad of the Cleveland fire department, which had created an enviable record the past two years, was dismissed last week by order of Elmer E. Adams, safety director. This action came as a blow to insurance interests and business men as well as the fire department itself. The squad was considered the brightest spot in the local campaign against fire loss resulting from incendiarism and the 44 convictions in 1932 surpassed the total convictions of all previous years put together. What is to become of the 19 cases pending is not known.

The chamber of commerce, after hearing the report of its safety council committee, has voiced its disapproval of the action and directors have requested that the squad be restored.

### Direct Writing Criticized in Detroit Agents' Letter

DETROIT, May 24.—The growing tendency of branch office casualty and surety companies to deal direct with the insured on underwriting matters came in for castigation at the hands of the Detroit Association of Insurance Agents of late. The agents take a positive stand on the matter in a recent communication sent to the membership.

"There has developed in the past few years a very increasing inclination on the part of branch office casualty and surety companies to deal direct with assureds on underwriting matters," the message says. "Recently, in bidding for public business, it has not been unusual to see insurance companies making quotations direct, with a request to the assured to name its own agent or broker. This situation is a serious re-

flection upon the American agency system and upon the companies themselves who are dependent upon that system."

### No Action on Nebraska Salaries

LINCOLN, NEB., May 24.—No action has yet been taken by Governor Bryan with respect to reduction of salaries of Nebraska companies, although Director Herdman has furnished him with all data as to what they are drawing now. The refusal of the governor to approve a 16 percent salary cut for county officers is taken as an indication that he is not in sympathy with the salary slashing ideas of the legislature, and it is possible that he will disregard the tacit direction of the legislature in the matter of insurance company salaries. A bill limiting these salaries to specific sums based on insurance in force was killed.

### Sioux City Women Organize

SIOUX CITY, IA., May 24.—The newly organized Insurance Women's Association of Sioux City, which has 26 charter members, has elected these officers: President, Clare Fennell, J. W. Wooldridge Agency; first vice-president, Ruth Kendall, McManus-Sibert-Murdoch Co.; second vice-president, Beatrice Roback, Wm. Gordon Agency; secretary-treasurer, Lucile Haight, Fred W. Colvin Agency. Ruth Kendall is chairman of the membership committee; Beatrice Roback, program, and Lucile Haight, publicity. The executive committee is headed by Clare Fennell as chairman, assisted by Gladys Cassidy, Peters-Guiney Agency, and Maria Lydon, A. M. Davis Agency.

The association will hold monthly meetings and programs are to be of an educational nature.

### Getting on Cash Basis

The Springfield, Ill., Board of Fire & Casualty Underwriters has notified policyholders that beginning June 1 payment should be made when policies are issued. The board, in speaking for its members, said that in no event will credit be extended beyond 30 days.

### Gauss Closes Detroit Office

Commissioner Gauss of Michigan has decided to close his Detroit office in the Free Press building June 1 and will conduct all of the affairs of the department from Lansing. The Detroit office was maintained by former Commissioner Livingston, who spent several days a week in that city.

### Wichita Insurers' Meeting

WICHITA, KAN., May 24.—The Wichita Insurers held their meeting last week at the University of Wichita as the guests of the regents of the university. The university buildings are insured 90 percent to value by the Wichita Insurers. President A. E. Smoll announced that the annual outing will be held June 8. The Wichita Insurers will also assist with the entertainment of the Kansas state firemen's convention and fire school in Wichita, June 12-14. H. K. Rogers, Western Actuarial Bureau, Chicago, and Carl Lund, president Oklahoma Fire Prevention Association and Oklahoma farm special agent of the American Fore, will be on the program. Mr. Lund will address the Lions Club at Wichita June 14.

### Attorney General in Cleveland

CLEVELAND, May 24.—Attorney General J. W. Bricker of Ohio outlined the work of his office in an address to the Insurance Board of Cleveland. He explained the increased work and complications of government and advised that the state has more interests in busi-

ness today than ever before. The insurance department, he said, had passed through the stages from a mere license office to an important regulatory department with many problems coming up weekly. His frank outline of the work and aims of government was well received.

### McClain Makes Appointments

Commissioner McClain of Indiana has appointed L. D. Swisher of the Indiana Inspection Bureau as rate supervisor for the department, succeeding C. A. Woerner. He has also appointed as examiners J. T. Rash, Ora Hopper, Meridith Nicholson and J. A. Miller. Appointment of Alfred Rodecker and J. C. Suverkrup had already been announced.

### Scherfe Des Moines Speaker

DES MOINES, May 24.—W. A. Scherfe of Fort Madison, president Iowa Association of Insurance Agents, addressed the Des Moines association Friday on a current campaign to raise the membership of the state association from 300 to 500. The address was one of a series he is making in various cities in Iowa.

Mr. Scherfe addressed associations in Ft. Dodge, Storm Lake, LeMars, Council Bluffs, Creston, Albia and Sioux City last week.

### Missouri Council Annual Meeting

Carl S. Lawton of St. Louis, president of the Missouri Insurance Council, has announced that its annual meeting will be held in Jefferson City June 8. The new executive committee and the new board of directors will meet with the officers of the council at luncheon there June 9. The Missouri State Fire Prevention Association will also hold its annual meeting at Jefferson City that day.

### Kalamazoo Local Agency Change

Fred H. Pierson of Kalamazoo, Mich., state agent of the American, has resigned as president and general manager of the Michigan General Agencies Corporation of that city and will give his entire time to the company. Theodore Cooper of Muskegon was elected president and general manager; Henry Cooper of Muskegon, first vice-president; J. W. Hardt, South Haven, second vice-president; H. J. Powers, Kalamazoo, secretary, and Grace Dwyer of Muskegon, treasurer.

### Raymond T. Smith to Speak

Raymond T. Smith of Chicago, western manager of the Alfred M. Best Company, will be one of the speakers at the annual meeting of the Nebraska Association of Insurance Agents at Fremont this week.

### Kansas Losses Higher

The Kansas fire loss for April as reported to the state fire marshal was \$503,906, nearly double that of April, 1932, \$260,644, and an increase of \$170,000 over March. Two large mercantile fires at Iola and McPherson were responsible for nearly \$300,000 of the April loss.

### Mid-West Notes

J. N. Enlberg, 51, local agent at Portage, Wis., for a number of years, died at a hospital there of pneumonia.

Joseph Funck, for many years with banks there, has opened a local agency at 217 Epstein building, Kenosha, Wis.

The Hoffmann-Footman Insurance Agency has signed a local agency contract with the Camden Fire for Kansas City.

E. M. Popp has resigned as manager of the insurance department of the Meyer-Kiser Bank of Indianapolis and opened an independent agency.



# LOYALTY GROUP

NEAL BASSETT, President  
 JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

CAPITAL

\$ 9,397,690.00

Organized 1855

NEAL BASSETT, Chairman of Board  
 HENRY M. GRATZ, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE GIRARD FIRE AND MARINE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1853

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE MECHANICS INSURANCE COMPANY OF PHILADELPHIA

\$ 600,000.00

Organized 1854

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## NATIONAL-BEN FRANKLIN FIRE INSURANCE CO. OF PITTSBURGH, PA.

\$ 1,000,000.00

Organized 1866

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## SUPERIOR FIRE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1871

NEAL BASSETT, Chairman of Board

W. E. WOLLAEGER, President JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres.  
 H. R. M. SMITH, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE CONCORDIA FIRE INSURANCE COMPANY OF MILWAUKEE

\$ 1,000,000.00

Organized 1870

CHARLES L. JACKMAN, President

NEAL BASSETT, Vice President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## THE CAPITAL FIRE INSURANCE COMPANY

\$ 300,000.00

Organized 1886

CHARLES L. JACKMAN, President

NEAL BASSETT, Vice President

## UNDERWRITERS FIRE INSURANCE CO. OF CONCORD, N. H.

\$ 100,000.00

Organized 1905

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d Vice Pres.  
 WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

## MILWAUKEE MECHANICS' INSURANCE COMPANY

\$ 2,000,000.00

Organized 1852

NEAL BASSETT, Chairman of Board

H. S. LANDERS, President J. C. HEYER, Vice President WINANT VAN WINKLE, Vice President JOHN R. COONEY, Vice President  
 E. G. POTTER, 2d Vice Pres. E. R. HUNT, 3d Vice Pres. S. K. McCLURE, 3d Vice Pres. T. A. SMITH, Jr., 3rd Vice Pres. F. J. ROAN, 3d Vice Pres.

## THE METROPOLITAN CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

OF NEW YORK

Organized 1874

NEAL BASSETT, Chairman of Board

H. S. LANDERS, President WINANT VAN WINKLE, Vice President J. C. HEYER, Vice President JOHN R. COONEY, Vice President  
 E. G. POTTER, 2d Vice Pres. T. A. SMITH, 3d Vice Pres. FRANK J. ROAN, 3d Vice Pres. E. R. HUNT, 3d Vice Pres. S. K. McCLURE, 3d Vice Pres.

## COMMERCIAL CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

Organized 1909

**WESTERN DEPARTMENT**  
 844 Rush Street, Chicago, Illinois  
 HERBERT A. CLARK, Vice President  
 H. R. M. SMITH, Vice President  
 JAMES SMITH, Secretary

**CANADIAN DEPARTMENT**  
 461-467 Bay St., Toronto, Canada  
 MASSIE & RENWICK, Ltd., Managers

**EASTERN DEPARTMENT**  
 10 Park Place  
 NEWARK, NEW JERSEY

**PACIFIC DEPARTMENT**  
 220 Bush Street,  
 San Francisco, California  
 W. W. & E. G. POTTER, 2nd Vice Presidents  
 FRED W. SULLIVAN, Secretary  
**SOUTH-WESTERN DEPARTMENT**  
 912 Commerce St., Dallas, Texas  
 OLIN BROOKS, 2d Vice President  
 BEN LEE BOYNTON, Res. Vice President  
 A. C. MEEKER, Secretary

LOYAL TO PRINCIPLE - TO LOYAL AGENTS, LOYAL

## YOUR CUSTOMERS AND OURS - - - - -

**B**UYERS of Insurance invariably accept their local agent's counsel in the purchase of a particular policy.

Therefore, it behooves an agent to choose carefully the Insurance Company writing his policies. It is wise to select a company that **understands agents' problems**—that backs up your counsel—that treats your customers fairly and promptly in the event of a loss.

With a staff of officials and personnel widely experienced in local agency work, THE KANSAS CITY FIRE AND MARINE INSURANCE COMPANY has the facilities to service you perfectly—and the responsibility of this company may be passed on to your customers with full confidence.

Organized and  
managed by R. B.  
Jones & Sons Inc.,  
Kansas City,  
Chicago

## Kansas City Fire and Marine Insurance Company

Insurance Exchange  
Chicago, Ill.

Kansas City, Mo.  
Federal Reserve Bank Bldg.

**12** ATTRACTIVE PICTURES AND  
SALES CAPTIONS **12**  
that help you sell more insurance  
Send 10 cents today and get a sample of the NEW  
1933 National Underwriter Insurance Calendar, A-1946  
Insurance Exchange, Chicago.

## IN THE SOUTHERN STATES

### Plans for Kentucky Meeting

**Tentative Program Announced for Convention of State Association in Louisville, June 13**

LOUISVILLE, May 24.—The Kentucky Association of Insurance Agents, which will hold its 1933 meeting here June 13, has changed its meeting place from the Kentucky Hotel to the Brown Hotel.

At the morning session President J. H. Gausepohl, Covington, will give his annual address, followed by reports from Secretary Leo E. Thieman, James Manion, Henderson, chairman legislative committee; Dwight Peel, Benton, for the membership committee, and W. A. Reisert, Louisville, national councillor.

At the afternoon session there will be only three speakers, including a representative of the National Association of Insurance Agents, probably Allan I. Wolff of Chicago, chairman of the executive committee; Commissioner G. B. Senff of Kentucky, attending his first state convention, and Leland G. Meeks, president Kentucky Fire Underwriters Association.

This will be followed by a round table session, at which the topics will include collection of premiums and responsibility of agent for unearned premium in event of failure of a company. Reports will also be received from representatives of the various local boards.

The Kentucky Fire Underwriters Association will meet June 12, and remain over for the local agents' convention.

### North Carolina Convention

**Annual Meeting of State Local Agents Association Is Being Held at Winston-Salem**

The annual meeting of the North Carolina Association of Insurance Agents is being held this week in Winston-Salem. R. L. Meares of Wilmington is president; J. W. Tisdale of Asheville, vice-president, and W. R. Scott of Graham, secretary. John D. Saint of Raleigh is business manager of the organization. The program is as follows:

**Thursday, May 25**

#### Executive Business Session

Call to order—R. L. Meares, president. Convention announcements, Thomas Barber, general chairman.

Introduction of host exchange—J. C. Nicholson, president Winston-Salem Insurance Exchange.

President's annual address.

Report of executive committee, Earl Johnson, chairman.

Report of secretary—Wm. deR. Scott.

Report of treasurer—Louis M. Connor.

Report of business manager—John D. Saint, Raleigh.

Confirmation of ad-interim committees and appointment of convention committees.

Discussions: (a) Executive officers' reports; (b) revised schedule of dues; (c) constitution and by-laws; (d) open forum; (e) introduction of resolutions and referring them to proper committees.

2:30 p. m.—Reconvene in executive business session, Richard L. Meares, presiding.

4:30 p. m.—Recess for committee meetings.

7 p. m.—Dinner dance and entertainment.

**Friday, May 26**

Greetings from the fieldmen's conference, Godfrey Cheshire, chairman.

Address—Dan C. Boney, insurance commissioner.

Introduction of local exchanges.

#### Afternoon Session

Executive business session, Richard L. Meares, presiding—Unfinished business, new business, report of committees.

Election of officers.

### Strong Ponca City Program

**Oklahoma Association of Insurers Holds Successful Regional Meeting in President's Home Town**

PONCA CITY, OKLA., May 24.—The Ponca City local board was host to about 70 members of the Oklahoma Association of Insurers at a regional meeting. President Roy Stephenson gave the welcome address. Frank T. Priest of Wichita, national councillor for Kansas, explained the work of the National Association of Insurance Agents and its benefits to the local agent. The need of an agents' qualification law in Oklahoma and increased revenue for maintenance of the insurance department to permit its proper functioning were stressed by R. W. Branch, secretary of the Tulsa local board.

#### Stability of Companies Stressed

J. H. Johnson, superintendent of insurance Continental Oil Company, spoke, on the "Stability of Insurance Companies." He cautioned against spreading unfounded rumors about the stability of companies, declaring it a very dangerous gesture. Fire companies he cited as being exceedingly strong today, with the only weak ones eliminated. Life companies, he said, are also very strong, despite the present demand for policy loans and cash surrenders. In closing he said that stability of insurance companies can best be attested by the remarkably few failures during the financial strain of the last few months. Melvin Campbell of Appleton & Cox,

Purely an Agency Company

**SUSSEX FIRE**

**INSURANCE**



**COMPANY**

**B**OTH in spirit and letter observing the principles of the American Agency System.

Cash Capital

\$1,000,000.00

**C**OMplete facilities afforded every agent that represents this company.



Dallas, Tex., gave an interesting discussion of inland marine lines.

President E. W. Clarke of the Oklahoma City local board discussed agency problems, evils of illegal plants and the vacancy permit question. The program concluded with an appeal for support of the state association by its president, V. V. Sills, of Ponca City.

### Montgomery Adopts Credit Rule, Elects New Officers

MONTGOMERY, ALA., May 24.—The Montgomery Exchange was practically reorganized and many forward steps were taken at the annual meeting. New officers are: A. B. Meyer, president; Bowling Starke, vice-president; Theo. Copeland, secretary-treasurer. The new executive committee is composed of Isadore Berman, J. H. Norton, P. M. Nicrosi, C. A. Thigpen, Jr., and J. B. Smith.

A resolution was adopted to enforce the collection of fire and casualty premiums through newspaper publicity and stickers attached to policies, educating the public that premiums are cash and that policies are subject to cancellation for non-payment of premiums by the 15th of the following month. The exchange has employed a clerk to whom will be reported all cases for cancellation for non-payment of premiums. It was also announced that henceforth insurance forms are for the exclusive use of the members of the exchange.

Hartwell Douglass, retiring president, and Hunter Cochran, who retired as secretary-treasurer, after several years' service, reported on the year's work.

### Moss Men in New Agency

Meyers, Whitty & Hodge is a new agency in New Orleans, with J. C. Meyers, president; Floyd Hodge, vice-president, and J. W. Whitty, secretary-treasurer. All are former officials of the Hartwig Moss Agency. Mr. Meyers has been in charge of the surety and casualty department of that agency and formerly operated his own agency in Helena, Ark. Mr. Hodge has had 30 years' insurance experience, the last 20 with the Hartwig Moss office. Mr. Whitty for 15 years has headed the fire and engineering department and for the last five years has been secretary of the agency.

### W. M. Garrett Is Reelected

W. Morgan Garrett was reelected president of the Insurance Exchange of Memphis at the annual meeting. J. F. Dickinson is vice-president and William Streuli is secretary-treasurer. E. A. Angier, Jr., and R. R. Carrington were elected directors for one year. J. D. Collier and J. T. Wolford were reelected for two years.

The administration plans to increase the membership, foster closer relations and possibly sponsor the publication of a bi-monthly bulletin.

### Louisville Suburban Rates Up

LOUISVILLE, May 24.—The Kentucky Actuarial Bureau has advanced rates on suburban property adjacent to Louisville to conform with the 9th class state basis tables. While such property remains ninth class, the change in the ninth class state basic rates, which became effective March 24, had to be made, or otherwise there would have been discrimination. The suburban territory is really tenth class, but is given a preferential rating due to Louisville protection.

### Texas Agents' Stag Dinner

FORT WORTH, TEX., May 24.—The annual stag dinner of Texas agents was held at a country club near Fort Worth with a good attendance. This affair always precedes the annual convention of the Texas agents and is a kind of get-together meeting of a purely social nature. There was plenty of speech making at the dinner but very

little shop talk. D. G. Foreman, secretary of the Fort Worth association and the Texas association, arranged for the affair. He was assisted by several Fort Worth agents.

### Expect Big Virginia Meeting

W. Owen Wilson, president Virginia Association of Insurance Agents, expects an especially large attendance at its annual convention in Charlottesville June 23-24. He is now at work on the program and hopes to be able to put the finishing touches on it soon.

### Georgia Convention at Albany

AUGUSTA, GA., May 24.—President Scott Nixon announces that the annual convention of the Georgia Association of Insurance Agents will be held at Albany June 23-24, with headquarters at the New Albany Hotel.

### Beaumont Exchange Elects

F. D. Broussard was reelected president of the Beaumont (Tex.) Insurance Exchange at its annual meeting. C. L. Babcock is vice-president; G. D. Hodgson, treasurer; J. S. Edwards and T. V. Smelker, directors. Talks were made by W. S. Pope, state casualty commissioner, and A. D. Langham, president of the Texas Association of Insurance Agents. Other out-of-town guests were J. H. David, president Orange (Tex.) Insurance Exchange; A. E. Shirley, president Port Arthur Exchange, and C. A. Pickett, secretary Houston Exchange. All brought greetings from their groups.

### Texas Notes

The annual outing of the Insurance Exchange of Houston, Tex., was staged last week with 175 members of the insurance fraternity of that city in attendance.

W. S. Ruckman, local agent at Karnes City, Tex., died there at the age of 86. He had been in the insurance business in Karnes City for 20 years. His daughter, Miss Carolyn Ruckman, is continuing the agency.

## News of Pacific Coast States

### No Deviations in Washington

Commissioner Sullivan Refutes Reports That He Has Been Approving Such Filings

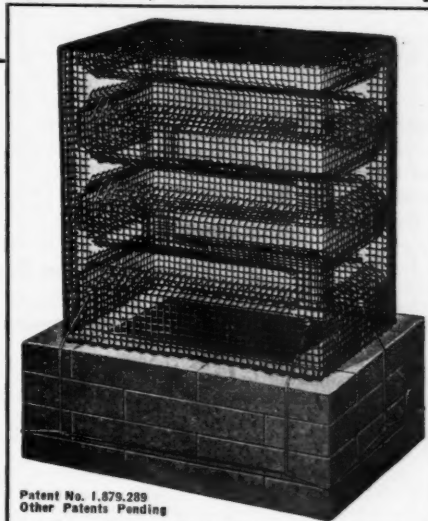
SAN FRANCISCO, May 24.—In direct contradiction of reports that Commissioner Sullivan of Washington was approving deviations on fire rates, Mr. Sullivan, who has held several hearings on the subject of deviations and has been studying the matter for several weeks, wired Edwin Parrish, vice-president America Fore group and chairman Washington advisory committee, as follows:

"After reviewing carefully the merits and demerits of deviations I have just reached the conclusion that I will not permit any deviations to be filed in the state of Washington. I have always stood for sound business principles not only in insurance but in other business matters and feel it is my duty as commissioner of insurance of the state of Washington to offer my assistance in retaining the structure of insurance on a sound financial basis."

On June 7 a new law governing deviations goes into effect in Washington. Commissioner Sullivan in preparing for this law has requested all companies to withdraw deviations now on file. It was also reported in the Pacific Coast press that a group of companies was encouraged to file a flat deviation of 20 percent over all classes. Mr. Sullivan's wire is a direct refutation of this report. In San Francisco the companies operating in Washington, which have consistently maintained the stand that devia-

## NATIONAL SPARK ARRESTERS

prevent fires from chimney sparks



National Spark Arresters have been approved by the Farm Underwriters Association.

Patent No. 1,879,289  
Other Patents Pending

Shown Above: Style of National Spark Arrester made for common square or rectangular chimneys. Other types to fit any size and style of chimney.

A low cost, effective modern fire protection for your assureds.

EVERY year poorly protected chimneys cost American home owners hundreds of millions of dollars. Unguarded chimneys not only cause great property loss but endanger lives—nearly 7,000 persons perish in fires in this country each year, half of them children. National Spark Arresters are safeguards against this needless loss. They effectively stop flying chimney sparks. More National Spark Arresters are sold than any other make because of their superior design, rugged construction, high efficiency and perfect protection. Recommend this arrester to your assureds.

Write for complete information and prices.

## NATIONAL SUPPLY & SERVICE CORP.

CRAWFORDSVILLE, INDIANA

Member N. F. P. A.

1805

1933

# Caledonian Insurance Company

The Oldest Scottish Insurance Office

## Caledonian-American Insurance Company of New York

ROBERT R. CLARK,  
U. S. Manager and President

## THE NETHERLANDS INSURANCE COMPANY OF THE HAGUE, HOLLAND

Est. 1845

ROBERT R. CLARK, U. S. Manager  
EXECUTIVE OFFICES: HARTFORD, CONN.

tions were in conflict with good underwriting practice, voiced their commendation of Commissioner Sullivan for his stand. It is also reported that a few companies which formerly were leaders in demands or in filing deviations have also announced their strong support of the commissioner under existing economic conditions.

## Two Royal Veterans Retiring

**F. J. Perry, Assistant Manager, and W. G. Selwood, Chief Accountant, Relinquish Active Duties May 31**

SAN FRANCISCO, May 24.—F. J. Perry, assistant manager of the Royal's Pacific Coast department, and W. G. Selwood, chief accountant, are retiring May 31. Mr. Perry joined the Royal 33 years ago as a clerk. He later went on the road as special agent, graduating to executive special and later superintendent of agents in charge of southern California. He was made superintendent of agents for the entire Pacific Coast department and following the death of R. V. Watt and appointment of H. R. Burke as Pacific Coast manager, was promoted to assistant manager. He has served as president of the Fire Underwriters Association of the Pacific and on numerous committees of the Pacific Board. He was for some time chairman of the educational committee of the F. U. A. P. and helped launch the lecture course for its associate members.

### Griffin May Succeed Selwood

Mr. Selwood started as an apprentice nearly 45 years ago in the head office of the Royal in Liverpool and has been with the Pacific Coast department 36 years, practically all that time as chief accountant. He is also secretary-treasurer and a director of the Capital of California, one of the Royal affiliates. It is understood he will be succeeded by A. C. Griffin, who has been in San Francisco for several weeks from the United States head office of the Royal in New York.

## New Legion Post Elects

SAN FRANCISCO, May 24.—C. H. Bruning, insurance broker, was elected commander of the new Insurance Post 404, American Legion, which has between 60 and 70 charter members. Vice-commanders are A. Ullrich, broker; Harold Bishop, superintendent surety department Hartford Accident; F. M. Monroe, Springfield F. & M.; George Frahm, Hartford Fire; Frank W. Bland, THE NATIONAL UNDERWRITER; W. L. Reauveau, associate general agent Lincoln National Life.

H. W. Armstrong, claims superintendent Fireman's Fund, who has been active in the formation of the post, was elected adjutant and F. A. Stuckey,

of the Fireman's Fund Indemnity, historian; Frank Ingersoll, chief clerk National Automobile Theft Bureau, finance officer; E. B. Myers, attorney, judge advocate; Edward Zimmerman, Finn-Elbow Co., service officer; W. J. Pippey, independent adjuster, chaplain; J. C. Connelly, special agent Globe Indemnity, sergeant-at-arms. John P. Breeden, Pacific Coast manager National Union; M. H. Silverberg, attorney Benjamin Franklin Bond & Indemnity; R. P. Thornton, Great American and Phoenix, and P. A. Crosby, special agent St. Paul-Mercury Indemnity, were elected to the executive committee.

## San Francisco Brokers Slate

SAN FRANCISCO, May 24.—The San Francisco Insurance Brokers Exchange will vote June 14 on the following candidates: For president, Milton Meyer, now second vice-president and acting president owing to resignation of president and first vice-president; first vice-president, T. P. S. Brown; second vice-president, A. W. Virden; board of governors, two-year-term, D. G. Bowley, Stephen Malatesta and Walter Crowell; one year, W. O. Lang; unexpired term, R. E. Myers; arbitration committee, M. Thompson and H. S. Henderson.

## How Quake Affected Sprinklers

SAN FRANCISCO, May 24.—How the recent southern California earthquake affected automatic sprinkler installations is explained in a report just released by the sprinklered risk department of the Pacific Board.

The report shows the necessity of strong lateral bracing for tank towers on roofs and other adequate and strong

structural design and proper placing of feed pipes. Several well defined illustrations of actual conditions found are included in the report together with complete explanations. These show that in a number of instances sprinkler risers were severed by the movement of the building or the supply system ruptured by falling concrete, bricks, etc.

## Marysville Celebration

E. T. Cairns, vice-president Fireman's Fund group and president of the Pacific Board, and H. F. Badger, secretary of the board, were speakers at the 40th anniversary celebration of the Marysville (Cal.) Association of Insurance Agents May 24. Frank Colridge, executive secretary and W. H. Menn, president California Association of Insurance Agents, also appeared on the program in a discussion of legislative matters and the activities of the organization. The celebration served also as a regional meeting for agents in the Marysville territory, one of the series being held throughout California by Mr. Menn and Mr. Colridge.

## Pacific Coast Notes

The annual barbecue and golf tournament of the San Jose Association of Insurance Agents is to be held June 3 with a number of company officials and employees enjoying both events.

B. E. Seymour, Central City, Colo., recently received a gold medal from the Home of New York on completion of 50 years' service as an agent of that company. He was appointed April 1, 1883.

The Guardian-Western Insurance Agency of Phoenix, Ariz., showed an increase in premiums in 1932, ranking in fourth place among the 800 agents of the Pacific department of the Hartford Accident which it represents. J. C. Haldiman is president.

# EASTERN STATES ACTIVITIES

## Commissioner Is Liquidator

**West Virginia Act Signed to Put Him in Charge of Administering Assets of Insolvent Companies**

CHARLESTON, W. VA., May 24.—Governor Kump has signed a bill that provides for the administering of assets of insolvent insurance companies by the insurance commissioner. The bill states that "whenever any company under the supervision and regulation of the insurance commissioner shall become insolvent or shall be in such financial condition as not to be able to pay its creditors in this state, the commissioner of insurance may file a bill in the circuit court of Kanawha county for the administering of the assets of such com-

pany as an insolvent, and for the purpose of taking possession of its property in this state and the distribution of its assets among those entitled thereto according to their respective right."

## Opens Baltimore Local Office

BALTIMORE, May 24.—The Fidelity & Guaranty Fire has leased part of the first floor in the Canton building, directly opposite the home office, and opened a local office under the name of the American Agency Company.

The office, which will also represent the United States Fidelity & Guaranty, is under the management of C. A. Hancock and R. M. Brown, both of whom have been with the fire company since it was organized. Mr. Hancock was formerly manager of the brokerage service department at the home office,

while Mr. Brown was New York suburban special agent.

## Hall Heads Protective Association

NEWARK, May 24.—At the annual meeting of the Underwriters Protective Association, which controls the Newark salvage corps, W. A. Hall, Jr., was re-elected president for the seventh term; C. Weston Bailey and Neal Bassett, vice-presidents, and C. M. Henry, secretary-treasurer, also for his seventh term.

Directors are F. H. Walker, A. H. F. Schumm, A. D. Reeve, J. A. Proehl, Robert O'Gorman, C. C. Lyon, H. O. Huth, F. B. Heller, R. E. Hartshorne, Llewellyn Freeman and F. E. Benjamin.

## Canadian Marine Men Elect

MONTREAL, May 24.—The Canadian Board of Marine Underwriters at its annual meeting held in this city elected these officers: President, C. G. Ross; vice-president, C. E. Bickerdike; chairman executive committee, A. E. Powis, Jr.; executive committee, Robert Hampson, C. H. Hanson, J. L. McCulloch, and D. M. Paterson; treasurer, R. L. Charlton; secretary, H. C. Beatty. Hayes, Stuart & Co. were re-elected chief surveyors to the board.

## Discuss Oklahoma Rates

OKLAHOMA CITY, May 24.—Paul Fry, assistant manager western department National Automobile Underwriters Association, met with the Oklahoma insurance board to discuss filing a new fire and theft rate manual. He said the companies had experienced a heavy loss in Oklahoma for the last two years with loss ratio in some classes and certain localities as high as 123 percent. He proposed making a filing that would carry a large increase in rates or else one that would carry a smaller increase in rates and pay only 75 percent of actual loss. The board was inclined to favor the latter alternative, on the ground that if the assured were forced to carry 25 percent of the loss, moral hazard would be considerably reduced.

## Cancellation Form Popular

The London Assurance reports that the automobile insurance cancellation notice designed by Walter Meiss, automobile manager, which was put into effect some time ago, has proved exceedingly popular with other companies and agents. The legal departments of the companies have given approval to the plan. The most notable departure in the new form is that it provides for mailing of the notice by unregistered first-class mail and for receipt of mailing from the postoffice rather than a receipt from the assured.

A charter has been issued to the Farmers Mutual Fire of Pennsylvania, with office in Alburts.

| 81ST ANNUAL STATEMENT JANUARY 1, 1933      |              |                                |              |
|--|--------------|--------------------------------|--------------|
| ASSETS                                     |              | LIABILITIES                    |              |
| U. S. Government and Municipal Bonds ..... | \$ 2,668,323 | Unearned Premium Reserve ..... | \$ 4,416,183 |
| Public Utilities and Other Bonds .....     | 2,813,682    | Losses in Process .....        | 773,809      |
| Banks and Other Stocks .....               | 8,935,866    | Taxes and Expenses .....       | 499,574      |
| Total Bonds and Stocks .....               | \$14,417,877 | Contingency Reserve .....      | 3,232,502    |
| Accrued Interest, etc. ....                | 134,923      | Capital .....                  | \$4,000,000  |
| Cash and Premiums Receivable .....         | 2,504,373    | Net Surplus .....              | 4,135,105    |
|  |              | Policyholders' Surplus .....   | 8,135,105    |
|  | \$17,057,173 |                                | \$17,057,173 |

\$4,000,000 CAPITAL JAN. 1, 1933

\$8,135,105 POLICYHOLDERS' SURPLUS

\$17,057,173 ASSETS

LOSSES PAID SINCE ORGANIZATION \$77,518,888

**The HANOVER FIRE INSURANCE COMPANY of New York** Charles W. Higley, Pres



## Pearson to Head Arkansas Agents

(CONTINUED FROM PAGE 5)

ness to the extent of joining the state organization. Local exchanges should be formed in every town where there are two or more agents wherever possible.

The association adopted a resolution urging agents to underwrite business more carefully in order to correct the disastrous loss experienced in the state. A resolution regarding liability of agents for return premiums on policies of defunct companies was referred to the insurance commissioner for his interpretation. Another resolution proposing that a policy would not become effective until the premium was paid, was presented but not adopted.

### Good Financial Position

C. C. Mitchener, secretary, reported the association in good financial condition.

Charles L. Gandy, president National Association of Insurance Agents, was the principal speaker. He said it was the duty of the insurance man today to make the American people again insurance-minded and that the first money spent in the "new deal" should be spent for insurance.

The two prime evils in the insurance business, according to Mr. Gandy, are the establishment of production branch offices and the question of overhead writing. There must be action on these two problems and the National association is at the present time making an investigation into the matter. Mr. Gandy emphasized the importance of state organizations.

### Martin Reports Accomplishments

At the executive session for local agents reports were given by the group chairmen. L. R. Martin, Pocahontas, reported as manager. The Arkansas plan, which was adopted last fall, calls for the formation of at least 25 local boards, embracing from 75 to 80 percent of the state's fire and casualty premium volume. Up to the present date 16 local boards have been established, the majority having 100 percent membership. Since the formation of the local boards and the establishment of the group plan, Mr. Martin reported that there has been a 30 percent increase in membership. Mr. Martin said the major problems facing the local agent today are placing his business on an efficient basis, making money for his company and improving the loss ratio in Arkansas. Local boards are essential in accomplishing these aims.

In the discussion which followed, Ronald Gardner, Ft. Smith, said a local board is most valuable in handling cut rate competition. Allan Kennedy, of Ft. Smith, stated that the time has come for agents in Arkansas to be stricter underwriters so as to check the disastrous loss ratio. The five year average loss ratio on unprotected dwellings is 121 percent, on protected dwellings, 74 percent, and on mercantile stocks, 68 percent.

### Mitchener Officiates at Banquet

Friday evening the annual banquet and dance was held. C. C. Mitchener, secretary, officiated in an informal way and lent his jovial personality in a most generous manner. Allan Kennedy, on behalf of the organization, presented President W. E. Silliman a handsome silver salver in recognition of his service.

Saturday morning T. F. Baker, manager of Fire Prevention Bureau at Little Rock, delivered an address on "Policy contracts, policy forms and rules of practice as related to the companies, their agents and the bureau." Mr. Baker told of the attempt made to secure a uniform policy. A single policy contract was prepared which would apply solely to Arkansas, but because of a difference in certain mechanical features, the companies objected. Action has re-

cently been taken for a uniform tornado and a uniform fire and tornado policy and these will be furnished to the agents on the depletion of their present supply. The bureau is at present confronted with the problem of preparing a policy form for general dwelling house coverage. Mr. Baker believes that the agents should persist in their demand for this general policy. The number of policy forms was recently reduced from 32 to five for the commercial risk class.

U. A. Gentry, the new insurance commissioner, spoke very frankly and stated that due to the great lack of an adequate appropriation, the insurance department of Arkansas is not in a position to render the right service to its agents.

"A decrease in the loss ratio of fire insurance is most important," Mr. Gentry asserted. Mr. Gentry advocates the removal of the full value clause and the penalization clause. These two factors will reduce the fire loss ratio. Mr. Gentry made a plea to each agent to seek out his legislator and demand consideration on this.

At the request of Mr. Gentry, a committee has been appointed to assist him and advise with him. J. G. Leigh, Little Rock, general agent, has been appointed to represent the companies and Allan Kennedy of Ft. Smith and V. S. Pearson, Little Rock, the agents.

## Ohio Agents Hold Special Meeting

(CONTINUED FROM PAGE 5)

issue of policies was brought up by the ruling of the Ohio Audit Bureau that no policy should be cancelled flat unless the policy was returned to the Audit Bureau by the 15th of the month following the month in which it became effective. This was called discriminatory because it allowed a policy taken out on the first of the month to run 45 days and a policy taken out at the end of the month only 15 days.

The companies' practices of settling cigarette or scorch losses came in for their share of discussion, the agents playing up the fact that there was a wide variance in the practices of the companies on these claims. Often two companies in the same agency use different methods and thus work a hardship on the agent who places his business in those companies which did not pay scorch or cigarette claims. The agents felt a definite rule should be adopted.

### Favor Resident Agent's Signature

The meeting favored having resident agents sign all policy contracts and that the practice of the salaried representatives of insurance companies signing contracts should be discontinued. It was also recommended that no agent be permitted to sign property insurance policies in blank.

The problem of higher commissions for Cincinnati and Cleveland agents, the excepted cities in Ohio, was taken up and after a thorough discussion a resolution was passed favoring the plan that the companies put the entire state on a flat or graded scale of commission, this scale to be not less than the present rated scale of commissions now granted to agents outside of Cincinnati and Cleveland.

### Propose Special Association

Two resolutions which were presented were not passed. One of them urged the adoption of a standard automobile drivers license and financial responsibility law. The other stated that no responsibility should be attached to any agent if one of his companies should fail and that his only responsibility would be to lend every possible assistance in securing for his client the unearned premium due under the bankruptcy or receivership.

The meeting was called and held independent of the state or local association and invitations were extended to all Ohio agents whether or not they were members of the national or state

## CONSERVATIVE OLD NEW ENGLAND COMPANIES



*Boston Insurance Company*

ESTABLISHED 1873

Capital ... \$3,000,000

Surplus ... 6,864,561



*Old Colony Insurance Company*

ESTABLISHED 1906

Capital ... \$1,000,000

Surplus ... 3,618,607

FIRE, AUTOMOBILE  
MARINE

Home Offices: 87 Kilby Street, BOSTON, Massachusetts

★ Annual Statements as filed with the Massachusetts Insurance Department based on market values of December 31, 1932, with Schedule of Securities will be sent upon request.

**Alliance National Advertising  
this month tells home-owners  
and landlords to ask the  
Alliance Agent for details  
about the advantages for Rent  
Insurance.**

See The Alliance advertisement in The Saturday  
Evening Post, May 27.



**THE  
ALLIANCE INSURANCE COMPANY  
OF PHILADELPHIA**

Head Office: 1600 Arch Street, Philadelphia

CHICAGO  
209 W. Jackson Blvd.

SAN FRANCISCO  
231 Sansome Street

## More Assets Better Assets Greater Liquidity

ANNUAL STATEMENT December 31, 1932

### ASSETS

|  |                |
|--|----------------|
| Cash in Banks.....   | \$ 273,447.02  |
| U. S. Bonds and Treasury Notes.....                                | 319,741.00     |
| Other Bonds .....  | 236,657.50     |
| Stocks .....   | 1,367,555.22   |
| Mortgage Loans .....   | 213,780.95     |
| Collateral Loans .....   | 86,607.33      |
| Due from Agents and Other Companies<br>(Not over 90 days old)..... | 269,391.64     |
| Real Estate .....  | 186,778.46     |
| Accrued Interest .....   | 14,481.66      |
| Other Admitted Assets.....   | 13,871.64      |
| Total .....  | \$2,982,312.42 |

### LIABILITIES

|                                    |                |
|------------------------------------|----------------|
| Reserve for Unearned Premiums..... | \$ 856,199.06  |
| Reserve for Losses.....            | 66,366.23      |
| Reserve for Taxes.....             | 18,000.00      |
| Due to Other Companies.....        | 28,882.03      |
| Other Liabilities .....            | 1,609.78       |
| Cash Capital .....                 | 1,000,000.00   |
| Net Surplus .....                  | 1,011,255.32   |
| Total .....                        | \$2,982,312.42 |

All bonds carried at amortized values. All listed stocks carried at market, Dec. 31, 1932. All other stocks carried at values fixed by Texas Insurance Department Examiners.

### COMPARISON WITH LAST YEAR

|                                    | 1931          | 1932           |
|------------------------------------|---------------|----------------|
| Net Premiums Written.....          | \$ 870,180.02 | \$1,052,478.87 |
| Reserve for Unearned Premiums..... | 722,544.22    | 856,199.06     |
| Assets .....                       | 2,940,492.14  | 2,982,312.42   |
| Surplus to Policyholders.....      | 2,017,740.88  | 2,011,255.32   |

## GULF INSURANCE COMPANY

E. L. FLIPPEN,  
President

G. G. SHEERIN,  
Vice-Pres.

T. R. MANSFIELD,  
V. P. and Sec'y

DALLAS, TEXAS

WRITING FIRE AND ALLIED LINES—AUTOMOBILE (FIVE POINT) AND  
PLATE GLASS

Established 1923

# LINCOLN

## FIRE INSURANCE COMPANY OF NEW YORK

A strong and seasoned institution with a rugged honesty in conduct and service to its policy-holders and agents.

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WM. A. BLODGETT

O. F. WALLIN

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New York

PACIFIC COAST DEPT.  
114 Sansome St.  
San Francisco

WESTERN DEPARTMENT, 175 W. Jackson Blvd., CHICAGO

Harry G. Casper  
Associate Manager

Lawrence C. Larson  
Superintendent of Agents

association. Over 100 attended. It was suggested that this organization to be called the Ohio Agents Mass Meeting Association be continued as an organization separate from any state or local organization and have meetings from time to time in the future as occasion may arise. Nothing definite was decided except that it was advisable for the local agents to meet occasionally as the circumstances may arise and this matter was left in the hands of the Springfield Board.

## Landry Reelected President of the Oregon Agents Union

(CONTINUED FROM PAGE 5)

defraud the insuring public. S. M. Bullis, safety engineer California-Oregon Power Company, discussed accident prevention work. Losses were discussed by W. J. Moe, Portland manager of the Fire Companies Adjustment Bureau.

Harvey Wells, former insurance commissioner and local agent, discussed recent legislative activities, which included defeat of the agents' qualification bill. He said that it would probably be modified and presented at the next legislature. A bill attempting to increase license fees was defeated and the agents failed to secure passage of bill prohibiting loan and mortgage companies dictating where insurance should be placed. Mr. Wells recommended a standard form for liability, fire and theft and that a uniform commission be paid on all sales. He also recommended that agents and companies report to the insurance department all coverages in excess of \$20, and that the insurance department issue a list of premiums delinquent at frequent intervals. He also suggested that the companies supply information on the quality of their agents and that the insurance department be given authority to pass on them, in every case the companies being held responsible for their agents.

W. G. Kaufman, Marshfield, Ore., insurance accountant, discussed the ideal accounting system for the modern insurance office.

### Growney Discusses Rating

"Rating and Inspections" were discussed by P. L. Growney, superintendent Liverpool & London & Globe at Portland. He told of a number of deficiencies in occupancy that had caused penalties and spoke of improvements which should be made in various classes of risks. He told of the rerating program and said that the 83 percent average loss ratio for the last five years justified an increase in rates.

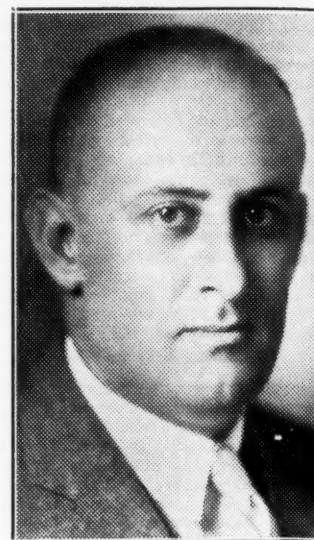
A resolution was passed against banks soliciting insurance in cities of 5,000 or over, especially demanding that the federal land bank cease writing insurance. A resolution on credits was passed after a discussion by Crosby Owens, president of the Eugene Fire Insurance Agents Association, urging that every member place the following sticker signed by the local association on all delivered policies: "Under the new credit rule of the insurance companies, all premiums are due on the effective date of the policy and will become delinquent 30 days thereafter."

## Bills Prepared to Prohibit Circulation of Any Ratings

A bill has been prepared for introduction in the legislatures of a number of states prohibiting any person from circulating any literature whereby anyone or any concern attempts to rate a company.

There has been much discussion over the rating of companies, especially in these troubled days. Some executives have advised that credit agencies give no rating, but simply leave the classification of a company to the insurance men themselves. The chief objection to a rating is that it is used in competi-

## Elect Pearson President of Arkansas Association



V. S. PEARSON

V. S. Pearson, newly elected president of the Arkansas Association of Insurance Agents, is a member of the firm of Rightsell, Pearson, Collins, Barry, Donham, Inc., Little Rock. Mr. Pearson, a native of Ohio, is a graduate of Miami University. He has been in the insurance business for 23 years and in Little Rock since 1917. He was first with the Southern Trust Company's insurance department and through a merger became connected with the American Exchange Bank Agency. Four years ago he and four associates formed their present organization.

## Hail Causes Much Damage in This Season's Storms

In many of the recent storms lately, much of the damage has been caused by hail. In the few states in which hail coverage is automatically included in the windstorm policy, adjustments are being made without controversy. In other places, however, the usual bickering with assureds has developed as to whether certain damage is caused by windstorm or hail.

In some localities the agents or a single agent had been aggressive in the past in causing the hail rider to be attached to the policies. Some agents have systematically used the hail rider approach as an opening wedge for developing new business.

Solicitation of hail business usually develops in a town just after a hail storm and much business can always be written then. However in a year or two the experience has been that usually most of this business goes off the books.

The hail damage in recent storms has been confined pretty much to damage to roofs and windows. It is a source of satisfaction for the agent to be able to inform an assured that he is covered, when he suffers a hail loss.

tion by "A" companies against those in the lower brackets. There has been no objection to companies rated "A" using that fact to boost their reputation, but the rub comes in the employment of lower ratings against those companies that do not reach the "A" class. Furthermore, existing conditions open the way for racketeers in insurance rating, many insurance men declare.

A. G. Sulzer & Co. and John M. Cochran, Maysville, Ky., have united agency forces and incorporated an agency company with \$25,000 capital. This will further enlarge the Sulzer agency, which was already the strongest in Maysville.



## Texas President on Timely Issue

(CONTINUED FROM PAGE 4)

tact with branch office operations. President Langham said that the branch office is a menace to the American agency system because it is not operated on a parity with local agents. He objects to the branch office paying the same commissions to non-policy-writing agents and solicitors as received by regular local agents.

President Langham said that experiences during the year have demonstrated forcefully that there are entirely too many inconsistencies in the present general basis schedule in Texas. It is entirely too technical in his opinion and therefore susceptible to too many interpretations. He said that the rulings of the insurance department are in direct variance with the wording of the general basis schedule and its intent. The president condemned local agents representing stock companies and at the same time mutuals and reciprocals. He said that an agent cannot justify his position with this mixed representation. He said it is up to the companies and not the state agents' association to grapple with this problem.

## Bennett Tells of Success in Bank Amendment Effort

(CONTINUED FROM PAGE 4)

ation so they can vote intelligently on the question.

One senator told Mr. Bennett that he thought the complaint could be better taken care of by the insurance companies themselves rather than through legislation. Mr. Bennett said he agreed with this but although the majority of companies have agreed to discontinue appointment of financial institutions as insurance agencies, and have kept their agreement, "the small minority, under present conditions, can and will continue to disrupt the safe and sane policies of the majority. That is why we ask for legislation. That is why a restraining influence that carries authority is so vital."

## Ralph Rawlings Again Is President of the W. I. B.

(CONTINUED FROM PAGE 4)

have been held in recent years at Wawasee, Ind., and Excelsior Springs, Mo., are being called off this year.

A telegram of good cheer was sent to Frank Danforth, who was unable to be present.

This was the first regular meeting of the bureau ever to be held in the west. The annual addresses of Mr. Rawlings and Mr. Clark were reviewed last week.

The committee on the president's address consisted of Mr. Soenke, chairman, and Jean C. Hiestand, secretary of the Ohio Farmers. The committee endorsed strongly Mr. Rawling's attack on "rumor factories and rumor combines."

"He has done well to point out the devastating effects that these rumors have not only on the companies involved but on those despicable individuals who originate them," the committee stated.

"His optimistic viewpoint for the future is indeed heartening to us, and we are confident that if we will face the future with that degree of faith and courage which he so well commends to us, we will gradually emerge from that morass in which we were so deeply mired and will within a very short time be going rapidly forward on the highway to success and better times."

The report of Frank Danforth as chairman of the uniform forms committee was read to the convention by Mr. Hiestand. The report stated that the discontinuance of the special dwell-

## Opportune Time to Develop Field, Is View of Officials

NEW YORK, May 24.—Despite the dearth of new business now to be had, particularly in the middle west, some company executives taking the long view of the situation believe that now is the opportune time for making an intensive cultivation of the field. They hold that with the agents of the country disturbed over the withdrawal of the once powerful Globe & Rutgers from active operations, they are peculiarly susceptible to an appeal from institutions whose financial status is beyond question, and if such offices can place their supplies just now they will be in an advantageous position to get desirable business as soon as the anticipated general improvement in the economic situation takes place.

With a steady sagging in premium income company officials are naturally eager to keep expenses at a minimum, and yet they appreciate that in order to secure business some money must be spent in development work. Risk production can best be stimulated through the efforts of seasoned field men and the disposition in certain quarters appears now to give special agents more leeway and perhaps engage additional talent, with a view not so much to immediate return as to make ready for that expected to be had in the not distant future. There is an abundance of special agency talent available just now that can be employed at reasonable figures, and if the sentiment existing in several offices be converted into action present field staffs will be measurably enlarged within the next few weeks.

ing house policies and the tendency of large city agents to reduce expenses by eliminating their own special forms has resulted in an increase of 36 percent in the number of forms ordered by agents in the past five months as compared with the same period in 1932. However, the cost of printing has gone down about 24 percent.

The committee states that it is conducting a careful survey of the entire list of forms with the idea of discontinuing some, the limited use of which does not justify the cost of printing.

The committee is also considering revision of the dwelling forms to make them, insofar as practicable, "no endorsement forms," by including a loss payable clause, mortgage clause and a hail rider as part of the printed form, so arranged as only to be applicable when properly filled out.

There have been printed and distributed 8,000,000 more forms in the 12 months ended Feb. 28, 1933, than in the previous 12 months, the committee reported.

The bureau had previously decided after June 1 to prohibit the use of all policies except standard fire, standard tornado and standard combined in the western territory save in the anti-compact states of Iowa, Ohio, South Dakota and Nebraska. At the French Lick meeting objection was raised that some of the nonaffiliated companies were not going to follow this program and some of the bureau members expressed the belief that competition from these sources would be serious. Therefore, the question was left open. Upon returning to Chicago Mr. Clark sounded out all of the members by telephone, conducting something of a referendum. He found that the members were opposed to the legislation and consequently it will not go into effect June 1, as scheduled. As a matter of course, however, the bureau companies have been and will continue to get along with the standard policies for the most part. The Firemen's for some time has been taking up extra policies from its agents.

## LIFE INSURANCE as a

means of protection, or of savings—yes, even as an investment—has never had so strong an appeal to the public as at the present moment.

In this economic situation, the certainty of life insurance in its personal investment features stands out, particularly as a foundation on which to build home and family security—or for that matter business security.

Men and women likewise have been taught that life insurance can provide for their later years; that they can enjoy its benefits by means of a fixed monthly income for life.

With conditions as they are, the alert life underwriter will not permit his client to forget what past experience has taught; that a solid sense of financial independence comes from the knowledge of a well-considered insurance program for himself and his family.

*John Hancock*  
MUTUAL  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

INCORPORATED 1799

## PROVIDENCE WASHINGTON INSURANCE CO.

of Providence, R. I.

Capital \$3,000,000

INCORPORATED 1928

## ANCHOR INSURANCE CO.

Providence, R. I.

Organized and Owned by the Providence Washington Insurance Co.

Capital \$1,000,000

Each of these Companies writes the following classes of Insurance

FIRE—TORNADO—OCEAN and INLAND MARINE  
AND THEIR ALLIED LINES  
AUTOMOBILE—FIRE, THEFT and COLLISION

COMBINED POLICIES  
AUTOMOBILE—FULL COVERAGE  
GOLFERS' EQUIPMENT and LIABILITY  
WITH

## MARYLAND CASUALTY COMPANY

INCORPORATED 1832

## VIRGINIA FIRE AND MARINE INSURANCE CO.

Richmond, Va.

Capital \$500,000

FIRE  
SPRINKLER LEAKAGE

TORNADO  
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WESTERN DEPARTMENT: 175 W. Jackson Blvd., CHICAGO, J. R. Cahel, Manager

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# Create Bureau to Scan Agency Cost

(CONTINUED FROM PAGE 3)

statistical bureau, will compile them, presenting the several items by percentages, and furnishing them to members.

The plan has no concern with general agency contracts or commissions of general agents and companies, these having been held in the strictest individual confidence since the organization of the association, which declared that such contracts were solely a matter between general agents and their principals.

## Ignore Unearned Premiums

While extensively discussed at the open meeting of the association, the question of the responsibility of any company, general agent or local agent with regard to unearned premiums in defunct companies was left without any action, it being the opinion of the members that this was not a subject to be considered officially by the association.

In the executive session, discussions on matters of vital importance were led by C. M. Jerome of Atlanta, who was accorded a vote of thanks.

The program included addresses by President C. L. Gandy of the National Association of Insurance Agents on "Tri-Party-Partnership" and President J. H. Hines of the Southeastern Underwriters Association and a member of Hines Brothers, southern managers of the Crum & Forster group at Atlanta, on "Underwriting and Collections."

James Cravens of Cravens, Dargan & Co., Houston, Tex., who also was scheduled to speak, was absent, and his address on "Problems of the Business" was read by Wallace Cowan of Jerome & Cowan of Atlanta.

## Steckler Makes Report

The report of retiring Secretary-Treasurer Steckler showed that the finances of the association were in good condition, reflecting improvement, while the enrollment shows a decrease from 145 to 87 members. This is due to the cleaning of house and enforcement of the rule prescribing a bona fide agent. All dues have been paid and there are no outstanding obligations.

Reports of committees were merely confirmation of the various transactions that have been reported previously.

A telegram of felicitations was received from United States Manager E. W. Nourse of the London Assurance and allied companies. President Paul L. Haid of the Insurance Executives Association also telegraphed his regret at not being present.

## Agency Collections Discussed

Discussions of agency collections and the responsibility of local agents for unearned premiums in instances of insolvent companies, featured the first day's session. The impromptu debate followed the annual report of President Quin and the addresses of Mr. Gandy and Mr. Hines, which had been preceded by the address of welcome of Lewis A. Irons, Georgia deputy insurance commissioner, who represented Commissioner William B. Harrison, who was ill. In addition to reviewing the time-worn problems of the general agents, Mr. Irons stated that the present perplexities of general agents center about sound and safe investments for their principals, proper underwriting and the refusal of general agents to be a party to the operation of unsound companies. S. Lewis Johnson of Charleston, S. C., offered the response.

President Quin stated that while there are less than 100 legitimate general agents in the country, the association's roster included 90 percent and any attendance of 20 percent of the membership was satisfactory.

Cooperation was the general theme of President Quin's address. He recommended the creation of an actuarial

1794

1933

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|                                    |                |
|------------------------------------|----------------|
| Reserve for Unearned Premiums..... | \$1,876,876.24 |
| Reserve for Losses, etc.....       | 545,856.36     |
| Contingency Reserve.....           | 1,650,000.00   |
| CASH CAPITAL.....                  | 1,000,000.00   |
| NET SURPLUS.....                   | 1,104,342.43   |

|                             |                |
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| TOTAL ASSETS.....           | \$6,177,075.03 |
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committee to compile statistics, the upholding of the 60 day deferred loss payment clause, the supporting of the new agency balance rules and the establishment of a casualty and surety conference committee. He spoke of the service general agents can render in combating increased excessive taxation. He suggested that an emblem, to be used on member stationery, be adopted by the association. Business conditions, said Mr. Quin, are apparently better with a tone of continued improvement. The president's address was referred to a committee consisting of John J. Seibels of Columbia, S. C.; F. E. Parkhurst, of Wilkes Barre, Pa., and Mr. Johnson.

Mr. Hines took as his theme "The Tri-Party Partnership," and urged that general agents use their efforts to put down the whisperings that are bringing discredit to companies and their general agents and local representatives. He recounted the sending of questionnaires to companies with respect to production branch offices, stating that new questionnaires are being issued.

Mr. Hines dealt with "Underwriting and Collections," and explained in detail the new mandatory agency balance rule. Mr. Hines warned the general agents to watch unprotected dwellings and underwrite protected business with greater care.

#### Leigh Calls for Discussion

The remarks of Mr. Hines and Mr. Gandy brought from J. G. Leigh, past president, the suggestion that the order of business be dispensed with and that discussions of the subjects be permitted. Mr. Leigh explained how poor collections naturally brought greater hardships upon the general agent. He alluded to the fact that several agents have become bankrupt by assuming the moral responsibility of remitting unearned premiums in cases where companies have suspended. He frankly stated that much of the unfortunate situation has been brought about by large companies inducing local agents to pay return premiums in order to reinsure large volume in solvent companies, which, so Mr. Leigh said, were granting increased commissions. The time has come, said Mr. Leigh, when there should be no hesitancy for the local agent, general agent, company or insurance department in deciding that the local agent shall not be held morally or legally responsible for guaranteeing companies which have failed.

Continuing with regard to the liability of the agent in such cases, Mr. Leigh held that the insurance departments of the states should determine the responsibility and safety of companies and when these requirements have been met, there should be no liability upon the part of the writing agent. He stated that he had aided the Arkansas Association of Insurance Agents in adopting resolutions relieving the local agent of this liability and that it is his opinion that other states and the National Association of Insurance Agents should take similar action.

#### No Half-Way Ground

Mr. Leigh said that there was no half-way ground in the matter of collections. The premiums should be paid on a cash basis or there will always be sore spots. The tendency of the times is toward cash settlements, said Mr. Leigh, and no insurance policy should be issued until the cash has been placed on the "barrel-head." He stated that the new balance rule of the S. E. U. A. was a fine step forward, but that 60 days is too long. Local agents, he said, spend at least 25 percent of their time and energies in collecting premiums that they already have earnestly earned. He referred to the tremendous losses that companies entail in cancelled policies when premiums are not paid.

Presented as a distinguished visitor, A. S. Caldwell, past president National Convention of Insurance Commissioners, urged the agents to make their plans for the future. He doubted if the time had yet arrived when there is a possi-

bility for any cash premium plan, but he stated that improvements could come if the general agents and companies would insist upon the careful selection of properly qualified local agents.

#### Doubts Effectiveness

J. K. Shepherd of Little Rock, past president, while agreeing with Mr. Leigh's cash plan, doubted if it could become effective now. A radical plan, without certain ramifications, would destroy the utility and flexibility of insurance. He favored any plan that will move up the time of collection and would be in hearty accord with any movement by which companies would cease to give "free insurance." He did not think there was any obligation upon the part of local or general agent to guarantee unearned premiums of defunct companies, for, he said, neither are paid sufficient commission for such a purpose.

He suggested a resolution placing the association on record as supporting insurance departments of the several states that have held that there is no moral or legal obligation upon agents for the return of unearned premiums.

L. E. English, Richmond, advanced the theory that fear of competition was largely responsible for some agents offering to assume liability. Lack of courage is also responsible for delay in collections. Mr. Parkhurst coincided with Mr. English.

#### No Legal or Moral Responsibility

Requested to state his personal views, Mr. Gandy said that there is no legal responsibility or moral requirement for the local agent to pay unearned premiums where companies have failed, if these premiums have been written in admitted companies, approved by the state insurance departments. The agents get 20 percent for writing the business, Mr. Gandy stated, and this commission does not admit of the agent being able to set up an unearned premium reserve. Mr. Gandy suggested that the state insurance departments might use some of the excessive insurance taxes and fees for returned premiums instead of throwing them into the hopper of state extravagances. He did not agree with the other speakers as regarding the cash premium payment plan. Mr. Gandy stated that no upright agent would have any objection to the new rule of the Southeastern Underwriters Association concerning agency balances. He urged that all agents should be placed on a country-wide basis. The 30 day automatic cancellation clause would correct all collection problems.

The members of the association were guests of the Retail Credit Company at a luncheon and the annual dinner and dance were held in the evening. Legal problems of general agents were discussed by former Judge Shepard Bryan of Atlanta, at the banquet. The visiting ladies were tendered luncheons.

#### Branch Office Problem

At the meeting of the executive committee of the National Association of Insurance Agents, Mr. Gandy said that one of the gravest problems to be discussed was the production branch office and direct writing. These are the problems of the general agent as much as the local agent, he said. The branch office supplants the general agent just as much as it does the local agent. The present day financial conditions have brought an avalanche of direct writing, he declared. Companies have ignored their representatives and have grabbed big lines. He said that only companies that comply with the proper principles should be represented.

One of the most flagrant violations in overhead writing is carried on through collusion with the federal government, he said. For instance the bond of a receiver or conservator of closed banks is written by direction of the comptroller of the currency directly in a group of chosen companies.

Collected premiums, ethically and morally, constitute a sacred trust and

should be so held. Likewise funds collected by a company should be held as a trust to guarantee the ability of the carrier to make good unearned premiums and to pay just losses, he declared. Such funds should be segregated and invested in only the highest type of securities.

Mr. Gandy said that the troubles in the workmen's compensation field are so grave that it is futile to attempt to work a cure by cutting commissions. The trouble is deep seated and must be treated at the source, he said. He said that insurance men must preach safety and prevention from the house-tops.

#### Bars Company-Owned Agency Filing Joint Tax Returns

WASHINGTON, May 24.—Declining to review a decision of the sixth circuit court of appeals in the case of the Cincinnati Underwriters Agency Company vs. Commissioner of Internal Revenue, the United States Supreme Court in effect approved a decision of the court denying to insurance corporations the right to file consolidated returns with ordinary corporations for periods prior to January, 1929, even though the former owns all of the stock of the latter.

#### Owned by Eureka-Security

The appellant is a Cincinnati corporation engaged in the insurance agency business, all of its stock being owned by the Eureka-Security Fire & Marine. Consolidated returns were filed for the two companies for the years 1926 and 1927, but in 1929 the commissioner of internal revenue held they had not the right to file consolidated returns.

The United States board of tax appeals upheld the commissioner's action, that opinion later being confirmed by the circuit court of appeals.

## Today

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**EMPLOYERS  
REINSURANCE  
CORPORATION**

E. G. TRIMBLE, President



# The National Underwriter

May 25, 1933

CASUALTY AND SURETY SECTION

Page Thirty-seven

## Cullen National Surety President

Joyce Retires From Active Management—Allen Executive Vice President

### EXECUTIVE OVERHEAD CUT

New Head Has Been New York Manager for the Company for Five Years

The important change in the National Surety, whereby Vincent Cullen becomes president and W. B. Joyce, although remaining as chairman of the board, will retire from active management, is seen by the business as a further step towards reduction of executive overhead. E. M. Allen, formerly president, becomes executive vice-president in charge of agencies.

Joel Rathbone, who has been vice-president of the National Surety, is leaving to become connected with the Excise Bond pool in New York.

This trimming down of executive talent is probably one of the prices the new National Surety is compelled to pay in order to remain in business. The change may also be inspired to some extent because of criticism on the part of some commissioners that in the rehabilitation of the National Surety, the same management was still in charge. Commissioner Hobbs of Kansas has brought up this point.

#### Cullen Big Producer

Mr. Cullen has an outstanding reputation as a producer. For the last five years he has been vice-president in charge of the greater New York business of the National Surety. Formerly he was manager of the New York City office of the Fidelity & Deposit under Franklin D. Roosevelt as vice-president. Before that he was located in Cleveland.

Mr. Joyce issued a statement to the effect that the building of the National Surety organization has been his life's work. He pointed out that he built the old National Surety to its highest eminence and said that only an unprecedented economic crisis temporarily affected this situation. He said he has started the new National Surety on its road to success.

#### Joyce Makes Statement

"The heavy burdens of managing a large complicated insurance business," he said, "are now being passed over to Vincent Cullen, the young man who has been trained in this company and who will become its president. I will remain as chairman of the board and am for the present leaving for California to rest and to develop the west coast business of the National Surety.

"My heartiest desire will be to continue the development and growth of the National Surety until it is the strongest surety company in the world."

The changes in the official staff will

## Casualty Underwriting Data Shown in Figures for 1932

At the annual meeting of the National Bureau of Casualty & Surety Underwriters, General Manager Beha in his annual report showed that premiums dropped 20 percent last year. The underwriting loss was reduced from 9.2 percent in 1931 to 5.8 last year.

The Continental Casualty and United States Fidelity & Guaranty were put on the executive committee and the Glens Falls Indemnity and the Standard Surety & Casualty on the legal committee. The Fidelity & Deposit and Royal Indemnity were added to the statistical committee.

#### Comment by Mr. Beha

General Manager Beha in his report said:

"The countrywide premiums for casualty and surety lines written during the year of 1932 by the companies transacting business in New York State amounted to \$625,631,620, which is 20 percent less than the premiums written during 1931. When it is realized that the premium volume in 1929 was \$811,165,000 not much else need be said to indicate the nature of the conditions with which the bureau and its members had to contend during 1932. The fact that the bureau companies have, on the whole, withstood the strain of the past few years so well demonstrates the wisdom of the policies and practices which those companies have established and followed through the National Bureau. These trying circumstances have, if anything, strengthened the bond existing among the bureau members and have intensified and strengthened the spirit of co-operation and mutual helpfulness.

"There are other and more tangible respects in which the record now available for 1932 indicates that the develop-

ments during that year were not altogether unfavorable. Notwithstanding the difficulty in adjusting operating expenses to fit reduced volume and notwithstanding the many other difficulties from an underwriting standpoint, the stock companies reporting the casualty exhibit of the New York State insurance department show an underwriting loss for 1932 of only 5.8 percent for all lines combined as compared with a loss of 9.2 percent for 1931.

"In workmen's compensation insurance, the underwriting loss for 1932 is 18.2 percent, as compared with 19.1 percent for 1931. This is the first sign of diminution in the loss on workmen's compensation business since 1928. For automobile insurance, the other large casualty line, the latest casualty exhibit shows a net underwriting profit of 2.1 percent for 1932 for public liability and property damage combined. This result is particularly gratifying as the automobile business has shown a net underwriting loss in every year since 1925, except 1928.

#### Worst May Be Over

"The improvement in underwriting results may be attributed in part to the efforts of the companies and the bureau staff to adjust rates and underwriting practices sufficiently to catch up with the upward trend in losses, and in part to a decrease in the upward trend in losses, at least in some lines. These signs in the insurance business, together with signs of slight improvement in other lines of business, furnish some basis for the belief that the worst may be over and that from this point forward, there is some prospect in the not far distant future for the companies to again show a net underwriting profit."

be formally ratified by the directors at a special meeting May 25.

After a short stay in New York Mr. Joyce plans leaving for Beverly Hills, Cal., where in 1913 he bought a beautiful estate, spending a part of each winter upon it ever since. That he will be content to rest for any considerable period no one believes, the feeling being that he will speedily develop some new avenue of effort. From time to time during the past 25 years Mr. Joyce talked of retiring, but the lure of the National Surety and of business generally proved too strong to permit his doing so until now.

Mr. Cullen, who henceforward will be the directing force in the company, is one of the limited group of young surety underwriters who went to New York from outside communities and forged rapidly to the front.

#### Started in Baltimore

Gaining his initial underwriting and business experience at the head office of the American Bonding of Baltimore, his first field connection was with its Cleveland agency, where he displayed marked ability as production man. Upon the outbreak of the world war he entered the military service, going overseas. At the conclusion of hostilities

he accepted the Baltimore agency of the National Surety, thereafter going to the

(CONTINUED ON PAGE 42)

## Driver More Affected by Hangover Than Highball

BALTIMORE, May 24.—On a highway, a "hangover" is more hazardous than a highball. That is the conclusion E. A. Baughman has reached after 18 years as commissioner of motor vehicles for Maryland. "A man who has just started to get drunk is all hopped up," Mr. Baughman explained. "He has plenty of confidence and nerve, and has a better chance of pulling his car out of a crisis than the driver whose nerves are jumpy from the drinks he had the night before.

"An operator with the 'jitters' is muzzy-headed and can't think as quickly as another man who has been stimulated by a highball or so. This is not a defense of a drinking driver, but rather a condemnation of hangover methods."

## Effect of Georgia Law Is Considered

Diversity of Opinion Over Application of Public Official Measure

### ATTORNEY GIVES VIEWS

Factors Cited That Relieve Depository Hazards—Reviews Liability for Uncollected Taxes

NEW YORK, May 24.—Diversity of opinion exists among surety underwriters as to the application of the Georgia law relating to officers collecting or holding public funds, depositories and sureties. The subjoined from the chief legal officer of one of the foremost surety writing companies will be of general interest. Under the statute, this attorney holds, "the depository hazard seems negligible or nonexistent when the following factors are added up: (1) Section 7 has the effect of relieving the principal in all cases where he follows a designation, or where he himself designates in good faith. (2) Although there is some doubt whether it is the duty of the principal to see that proper depository bond or security is given, he has it in his power to examine into that matter in every case and to file a protest if not satisfied. In my opinion he would be relieved if he was ordered by the designating board to make the deposit in spite of the protest. (3) Even conceding a possible liability, no ultimate loss will be suffered except in the rarest imaginable case, because the public funds impress a first lien on all the assets of the bank. In most cases, the loss would be paid in full by the bank's receiver before the liability of principal and surety had been adjudicated. But if the surety had to pay, it would get all of its money back except in the extraordinary case where the public deposit was in excess of the assets of the bank.

"The surety should see to it in every case (a) that banks are properly designated and that proper depository security is given; (b) that the size of the deposit is not out of proportion to the size of the bank; and (c) that the bank is a going concern on an unrestricted basis and reputed to be solvent. "The next thing to consider is liability for uncollected taxes. It is just what it should be. Principal and surety are relieved unless the taxes are lost through bad faith or negligence. If they are lost through such causes, the liability is very properly imposed. The only difficulty arises out of the possibility that the principal may die or abscond before he files the accounting due on April 20, of each year. In that event lack of knowledge of the facts may make it impossible for the surety to justify failure to collect to the same extent the principal could do if present, and a liability may thus be imposed for the whole tax roll."

## Details of R. F. C. Aid for Guaranteed Mortgages Told

### TWO OPTIONS ARE PROVIDED

Program Contemplates That Virtually All Bonds Guaranteed by Maryland and U. S. F. & G. Be Deposited

BALTIMORE, May 24.—Detailed announcement is made regarding plans for the refinancing with the cooperation of the R. F. C. of practically all mortgage loan companies whose bonds are secured by mortgages guaranteed by the Maryland Casualty or the United States Fidelity & Guaranty. Holders of these mortgage bonds will be offered one of two alternatives.

Plan 1 provides for the exchange of present bonds, par for par, for new bonds maturing in 20 years. The bondholder will receive all the net income from the collateral up to 6 percent in any one year. The principal of the bond and interest of at least 2 per cent per annum the first five years, 3 percent the second five years, 4 percent the third five years, and 5 percent the last five years will be guaranteed by the original surety company.

#### Second Option Explained

Plan 2 provides for payment to bondholders of \$300 in cash for each \$1,000 bond and a debenture for the remaining \$700, maturing in 20 years. While the principal of the debenture will not be guaranteed, debenture holders will receive all of the proceeds of the liquidation of the principal of the mortgages and will receive as interest all net income from the collateral in any one year up to 6 percent and annual interest will be guaranteed by the surety company of at least 2 percent for the first three years, 3 percent for the next two years, 4 percent the next five years, 5 percent the following five years, and 6 percent the last five years.

The plan will be sponsored by a nation-wide group of investment bankers headed by Mackubin, Goodrich & Co., Baker, Watts & Co., and Stein Brothers & Boyce, all of Baltimore. In their announcement the above group says:

The commitment of the R. F. C. contemplates that substantially all of the bonds included in the plan shall be deposited under one or other of the proposals.

#### New Company to Operate

Under both plans a new company will carry on the transaction in behalf of the old mortgage houses.

The collateral to be pledged with the trustee to secure the new bonds will consist at first of the bonds of the present mortgage company deposited for exchange and later of a representative cross section of the mortgage collateral securing the present bonds.

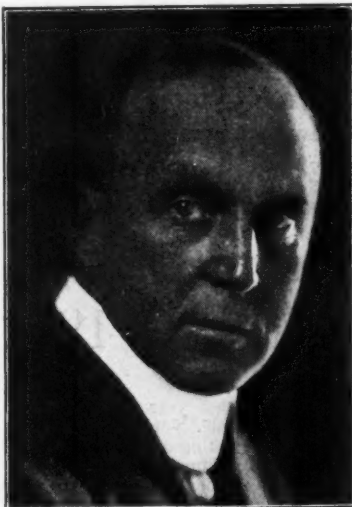
The debenture under plan 2 will be issued in behalf of the present mortgage company by a new company created for this special purpose. The assets of the new company will consist at first of the bonds deposited under this option and later of a representative cross-section of the mortgage collateral securing the present bonds, subordinated to Reconstruction corporation's prior lien for the security of its loan.

Net earnings in excess of the guaranteed interest will be paid to debenture holders as additional interest up to a total of not more than six percent in any one year.

Proper provision will be made for the use of further available excess net earnings and other proceeds of liquidation, after repayment of the R. F. C. loan, for retirement of the debentures.

The debenture agreement will provide a grace period for the deferment of not more than the total of one year's interest during the first three years if net earnings are insufficient to provide for payment of the fixed interest rate, but

## Toastmaster



CHARLES H. BURRAS

Charles H. Burras, familiarly known to all the insurance people as "Charlie" Burras, head of Joyce & Co. agency in Chicago, toastmaster extraordinary and raconteur de luxe, merrymen and wit, will preside over the deliberations at the big banquet to be given Insurance Superintendent Ernest Palmer of Illinois at the Stevens hotel in Chicago next Wednesday evening. Mr. Burras has a reputation second to none for his after dinner scintillations.

## Commissioner Renews Move to Liquidate Coast Company

SAN FRANCISCO, May 24.—Following dismissal of petition by the Benjamin Frankling Bonding & Indemnity for a writ of review and the dissolving of the restraining order against Commissioner Mitchell, the official has filed a petition to liquidate the company. A restraining order is issued against the company and an order to show cause, returnable June 2. The restraining order against Mr. Mitchell had been in effect for practically five months and followed his endeavors to liquidate the company when it was found last October that a deficiency existed. His efforts were bitterly fought by the company, officials of which charged that employees of the insurance department solicited a bribe.

### Automobile Guest Measures

NEW YORK, May 24.—Automobile guest laws have now been adopted in 23 states, the most recent being Ohio, South Carolina and Washington. In addition the effect of such statutes is secured in Virginia and Massachusetts by virtue of court decisions. The laws of Delaware and Kentucky, enacted some time ago, were declared invalid; that in the former state because of its excessively liberal provisions, and in Kentucky because the court held it in conflict with certain clauses of the state's constitution. To overcome the shortcomings of the Delaware statute amendatory legislation has been passed by both houses, and the measure is before the governor for final action.

such interest so deferred, if any, is guaranteed for payment at the end of the third year. Thereafter the new company will be allowed only a flat six-month grace period on interest where net earnings are insufficient to provide a fixed rate.

The Globe Indemnity as of April 1 showed assets \$34,252,697, contingent reserve \$5,864,706, capital \$2,500,000, net surplus \$2,307,470.

## Bankers Indemnity Joins National Casualty Bureau

### ACTION HAD BEEN EXPECTED

Special Automobile Business of the Newark Company Has Now Expired Practically in Its Entirety

NEWARK, May 24.—The announcement by General Manager Beha of the admission of the Bankers Indemnity to full membership in the National Bureau of Casualty & Surety Underwriters does not surprise those well informed in casualty circles. It has been general understanding that H. P. Jackson, who became president of the company not quite three years ago, coincident with its purchase by the American Fire, has been steadily changing its agency and underwriting set-up, originally non-bureau, to a bureau basis.

The principal departure from bureau rate practice was the plan of the former management of writing automobile liability insurance for limits of \$7,500/\$15,000 at the same rates used by the bureau companies for standard limits of \$5,000/\$10,000, the underlying motive of which was understood to be to attract patronage to a newly organized company in the then period of intense competition and to encourage the purchase of higher limits of insurance under an increasing public demand that operators of motor vehicles be financially responsible in the face of increasing loss cost. President Jackson discontinued this plan and such business now having practically all expired, the company qualifies for bureau membership.

### Liquidate Ohio Deposits

By order of court and under the direction of Superintendent Warner the Ohio deposits of the American Guaranty, Commonwealth Casualty, Georgia Casualty and Independence Indemnity are being liquidated by separate commissioners. Earle Stewart, former deputy superintendent, recently was named receiver in Ohio for the International Reinsurance. The court was asked to order these deposits turned over to the receiver, but it was held that liquidation must be conducted under the direction of the Ohio department.

T. M. O'Connor has been appointed ancillary receiver for the Indiana assets of the International Reinsurance.

### Ambulance Chasers Penalized

JERSEY CITY, May 24.—The ambulance-chasing campaign which has been conducted by the Hudson County Bar Association and the casualty underwriters of Jersey City has resulted in the suspension of three Hudson County lawyers—F. P. Clancy of Jersey City and Wesley Brodsky of Bayonne for two years, and Max Morroff of Jersey City for nine months.

Two lawyers, E. R. Silverman of Newark, and Vahan Shirvanian of Hackensack, both of whom have been involved in insurance cases, have been disbarred by the supreme court on charges of unprofessional conduct in financial dealings with their clients.

### Financial Responsibility Laws

Financial responsibility laws, patterned closely after the provisions of the "Three A" recommendations, were recently enacted in Minnesota and South Dakota. The measure passed in Pennsylvania last week, differs from the general run of laws of this type, in that it requires the filing of a policy by the driver of a car in the event of an accident, instead of holding the owner of the machine accountable. A somewhat similar provision obtains in Connecticut and certain other states. The regulation, however, has no particular effect upon underwriting practice.

## Wins Advancement



J. P. KEEVERS

J. P. Keevers is the new resident vice-president in Chicago for the Maryland Casualty, having just been advanced from the position of resident manager.

## Colorado Agents Protest on Overhead Cancellation

DENVER, May 24.—A fight upon an alleged agreement of 43 casualty companies to go over the heads of local agents in dealing with delinquent assureds has been launched by the Colorado Springs Insurance Board.

The Colorado Association of Insurance Agents has taken the matter up with the National association. It is charged that under the alleged agreement, unless all balances are paid by the 20th of the second month, the companies will then write direct to assureds, notifying them that payment has not been made, and that cancellation will be ordered unless the premium is taken care of at once.

The Colorado Springs board contends "that any action of insurance companies in dealing directly with assureds, instead of through company agents, would be a direct violation of the American agency system. It was maintained that cancellations, if necessary, should be ordered through the agency writing the business."

### Casualty Actuarial Meeting

NEW YORK, May 24.—The Casualty Actuarial Society will hold its semi-annual meeting here May 26. Among the papers to be presented are: "Reflections on Some Fundamentals of Casualty Insurance," by Paul Dorweiler, president of the association; "An American Remarriage Table," by W. F. Roeder and R. M. Marshall; "Aviation Casualty Insurance," W. P. Comstock.

As a topic for informal discussion, "The Probable Effect of Currency Inflation on Casualty Insurance" has been selected. The discussion will seek to bring out the probable effect on such elements as premium volume, outstanding premiums, accident frequency, claim costs, reserves, loss ratios, rate adequacy and expenses.

### Unemployment Plan Postponed

MADISON, May 24.—Postponement of the effective date of Wisconsin's unemployment insurance act has been voted by both houses of the Wisconsin legislature. Governor Schmedeman has advocated such a plan. The postponement is to be effective until such time as the Wisconsin industrial commission finds business recovery has sufficiently progressed to permit successful operation of the measure without working too great hardship on employers or on labor.



## Test Audit Shows Premium Too Low

Minnesota Compensation Rating Bureau Discloses One Reason for Loss Record

### FIND LARGE DEFICIENCY

Survey Indicates Companies Received Only 74 Percent of Income Which Was Due

The puzzle as to what is the matter with workmen's compensation largely has been answered, at least in the minds of Manager J. F. Reynolds of the Minnesota Compensation Rating Bureau of Minneapolis and rating bureau managers of some other states who have inspected the results, by five test audits of risks selected at random, disclosing a large deficiency in premiums due to low payroll figures.

The five audits are summarized: Insurance company audited payroll, \$601,378; insurance company premium, \$14,630; test audit payroll, \$689,598; test audit premium, \$19,820, the premium difference being \$3,190 or 35 percent of the premiums received by the companies. Taking the test audit as correct, the deficiency represented is nearly 26 percent of the total premium of \$19,820 indicated as necessary on the risk.

#### Check Results in California

Manager W. A. Chowen of the California Inspection Rating Bureau, San Francisco, considered the results so valuable that he broadcast them to members in a memorandum in which he stated so far as the California bureau can judge from audits made there, California conditions are entirely similar. Officials in Illinois feel that test audits in that state would disclose similar conditions and it is probably true, insurance men believe, that similar results would be obtained from checks in practically all other states.

If the test audit may be taken as indicative of anything like the countrywide experience, it may be seen that the question of obtaining all the premiums due the companies may be the largest single factor responsible for heavy underwriting loss on compensation. In the period 1923-1931, 80 companies had \$116,985,495 underwriting loss on compensation, or a ratio of 9.7 to earned premium. Premiums written were \$1,215,684,306 and premiums earned, \$1,200,536,648, so it may be seen that if even 10 percent additional premium had been obtained by these companies during the period, workmen's compensation would have been transferred to the blue side of the ledger.

#### Detailed Results Given

In the Minnesota test audit, one risk was hotel operations. The companies' audit showed \$5,475 payroll and \$56.39 premium; the test audit, \$9,301 payroll, \$95.80 premium. In this case it appeared the discrepancy was due to inability of the company to secure a statement from the employer regarding board and lodging.

A second risk was street and road construction. The company audit showed \$240,826 payroll and \$12,545 premium; the test audit, \$288,618 payroll and \$16,575 premium. In this case the discrepancy was chiefly due to the substantial difference in total payroll.

On a third risk, a roofing contractor, the company audit was \$5,814 payroll and \$295 premium; the test audit, \$6,122

## National A. & H. Managers Association Program Given

HOLD MEETING IN PITTSBURGH

Agency Management and Underwriting to Be Discussed at Annual Convention There June 15-16

The tentative program for the annual meeting of the National Association of Accident & Health Managers, to be held in Pittsburgh June 15-16, has been announced by E. H. Mueller, Milwaukee, president of the association and Wisconsin state agent for the accident department of the Pacific Mutual Life.

The convention program has been divided into three parts. The first will deal with the national association and its lineup with local clubs, the second with problems of agency management, and the last will deal with underwriting.

#### Tell of Association's Work

Walter M. Ivey, Monarch Life, president of the Pittsburgh Accident & Health Managers Association, will give the address of welcome at a luncheon which will open the meeting June 15. Three addresses will cover the scope and accomplishments, problems and aims of the national association, followed by a discussion of the benefits and profits from local clubs. President Mueller will talk on "Scope and Accomplishments of the National Association;" Armand Sommer, Chicago, secretary-treasurer of the national association on "Problems and Aims of the National Association," and W. D. Mead, Seattle, manager Pacific Mutual Life and regional vice-president of the national association, on "Benefits of Local Clubs."

The Friday morning session will be a round-table conference. J. P. Collins, Detroit, superintendent of agents National Casualty and past president of the national association, will lead a discussion on "Problems of Agency Management." Another subject will be "Is Your Agency Profitable to Yourself, to Your Company and to Your Agents," the leader for which is to be selected. At the luncheon Friday noon, representatives from each local club will give greetings from their organizations.

#### Scherr Gives Depression Lessons

J. W. Scherr, Cincinnati, president Inter-Ocean Casualty, will open the afternoon program with an address on "Depression Underwriting Lessons," as the first of three talks on "Profitable Underwriting." Elliott M. Stiles, New York City, will speak on "Inspection Influences," and Mrs. M. G. Closser, Seattle, Wash., on "Underwriters Chickens," while some outstanding agency man will handle the subject, "Underwriting Responsibility of Local Agency."

The business sessions will be held at the Keystone Athletic Club, where arrangements have also been made for accommodating the delegates in attendance at the meeting. A very low rate has been made by the club. The registration fee will be \$2.50 instead of \$5.00 as heretofore. C. G. Schillerstrom, 318 Investment building, Pittsburgh, manager Washington National and first vice-president of the national association, is in charge of the local arrangements there, including reservations for the delegates. W. C. Perry, Pittsburgh, is chairman of the program committee.

Sales congresses will be conducted by the Pittsburgh club the evenings of June 15 and 16, starting about 7:30 and continuing for an hour and a half, which will allow for some entertainment features afterwards. A trip to Mount Summit, near Uniontown, Pa., a famous resort "above the clouds," has been arranged for Saturday, June 17, and it is expected that many of the delegates will want to stay over there both Saturday and Sunday. Transportation for the Uniontown trip will be provided by the Pittsburgh club.

## Made President



C. B. MORCOM

C. B. Morcom, vice-president of the Aetna Casualty & Surety, has been elected president of the Association of Casualty & Surety Executives. J. A. Nelson, president New Amsterdam Casualty, was chosen vice-president, and F. Robertson Jones was reelected general manager and secretary.

The United States Fidelity & Guaranty, Employers Liability and Ocean Accident were reelected on the executive committee for full terms and the Maryland Casualty was elected to fill a vacancy.

## Baltimore Agency Secures \$5,000 Verdict on Contract

BALTIMORE, May 24.—The Apple & Bond Co., Baltimore agency, was awarded \$5,000 damages against the Glens Falls Indemnity for alleged breach of contract by a jury in the United States district court here.

The suit grew out of a contract establishing a special agency which provided that it could not be canceled for five years except for unprofitable experience. The defendant claimed that the business submitted by the Apple & Bond Co. resulted in a loss and the contract was canceled on that ground. The jury held in favor of the agency and based the award on the difference in commissions that the Apple & Bond Co. would have earned under the Glens Falls Indemnity contract and the commissions it would earn under a contract with other companies, which the court pointed out was about 5 percent.

### Pushes Compulsory Idea

Senator Shearer of Kenosha, Wis., who for several years has been a strong proponent of a type of compulsory automobile liability law modeled on the workmen's compensation law, introduced a joint resolution in the Wisconsin legislature for appointment of a joint interim committee to investigate the need and possibilities along this line and prepare bills for introduction with its report in 1935. He introduced a bill of this type in the previous legislature.

### Job Insurer Pleads Guilty

RACINE, WIS., May 24.—William Paine, secretary-treasurer of the Metropolitan Employment Assurance Bureau of this city, pleaded guilty to selling unauthorized insurance when taken into court here. Sentence will be pronounced later.

D. E. Dickinson, Milwaukee, president, and F. R. McFarland, Racine, vice-president of the organization, are held on similar charges.

## No Improvement in Compensation

First Four Months Show This Class Suffers Considerable Deficit

### EXPENSE RATIO IS UP

Premiums Have Declined Due to Less Pay Rolls and Greater Risk Selectivity

NEW YORK, May 24.—The workmen's compensation insurance situation in the opinion of most executives is showing no improvement whatever so far this year. Companies have been casting up their accounts during the first four months and can see very little change. In fact, the expense ratio has increased due to great reduction in income. Many companies are much more selective in their underwriting and are studying offerings with a critical eye. Furthermore the premiums on risks written have been reduced materially owing to less payrolls. Wages are cut, people have been laid off, concerns are operating on a more limited basis. While payroll audits are made it is doubtful whether a company is paying the expense of this work because the audit is not bringing out enough additional premium to cover the actual operating outlay.

#### Greater Reserves Suggested

No one seems to have any panacea nor even a fertile suggestion as to what might be done to get compensation insurance even on a basis where the companies will break even. Some executives feel that the failures in the casualty field have brought out the fact that sufficient reserves have not been put up for claims. Comparing reserves set up with premiums, there is an interesting study as to the percentages of various companies. Those that have failed have invariably showed a percentage considerably below the median line.

There has been discussion as to the proposal made by Vice-president M. P. Cornelius of the Continental Casualty of Chicago in which he suggested the pool system of writing compensation insurance, giving a company's percentage of participation according to the premiums received during the previous year. That might be a very excellent plan but it is generally held that many companies will not agree to it. There would be some that would stay out of such an arrangement.

#### Make Money in Ohio

One executive has been calling attention to the situation in Ohio where there is a state monopolistic compensation fund. Companies are making money as a rule on their casualty business in that state. In order to make up the loss of compensation income they have beat the bushes lively for other casualty classes and have succeeded in developing a good lot of business on which a profit is made. Undoubtedly many companies see the necessity of putting on extraordinary efforts to stimulate production in other casualty lines while they are using the soft pedal on compensation.

#### Moves Office to Chicago

The Bankers Life & Casualty of Springfield, Ill., has moved its home office to 4746 North Damen avenue, Chicago.

(CONTINUED ON PAGE 41)

## CASUALTY ASSOCIATION NEWS

### Lewis Milwaukee Board Head

Newly Formed Casualty and Surety Organization There Elects Officers and Directors—Purpose Explained

MILWAUKEE, May 24.—Fred J. Lewis of the Geo. H. Russell Company, was elected president of the Milwaukee Board of Casualty & Surety Underwriters at the first meeting of the directors of the newly formed board. Frederick Kasten, Blatz-Kasten Company, was named vice-president; Clarence Henkel, Soevig & Hiscox, secretary-treasurer, and J. G. Grundle, manager Milwaukee Board of Fire Underwriters, assistant secretary-treasurer.

#### New Directors Elected

Directors elected at a meeting of the board last week, are Fred J. Lewis, W. B. Calhoun, Frederick Kasten, Theodore Johnson, Clarence Henkel, H. B. Leedom, Val Gottschalk, Otto Gaedke, J. C. Brown, E. A. Piepenbrink and Ben M. Weil.

The organization is composed of

agents and general agents in the casualty, surety and fidelity business in Milwaukee county, and has a non-intercourse rule with non-board members and companies. The rules provide for the appointment of solicitors, the establishment of a credit bureau and the general improvement and elevation of the business and practices of casualty, fidelity and surety underwriting. The movement was sponsored by a committee representing the Milwaukee Casualty Underwriters Association and the Surety Underwriters Association of Milwaukee. With a representative number already in the membership, a membership drive will be undertaken in the next 30 days to increase the number.

### Compensation Los Angeles Topic

LOS ANGELES, May 24.—The semi-monthly meeting of the Casualty Association of Los Angeles was devoted mainly to discussion of the unsatisfactory underwriting experience on compensation lines generally in southern California, with reference particularly to farm compensation risks. A

number of managers reported unsatisfactory claim experience on these lines and discussed the subject at length in an effort to find a way to improve the situation. G. F. Houghton, Hartford Accident, presided as chairman.

## Fidelity-Surety Activities

### Enlarge Excise Bond Group

Plans Are Completed for Handling the Beer Business in New York State

The Excise Bond Underwriters syndicate of New York City now comprises 22 companies. They constitute the pool to underwrite bonds required of dealers in legal alcohol beverages. Joel Rathbone, the manager, has opened offices at 2 Lafayette street in New York. The American Surety is chairman of the group. The other members of the committee are the Fidelity & Casualty, Fidelity & Deposit, Great American In-

demnity, Royal Indemnity and United States Guarantee.

The rate on chain stores where beer is not consumed on the premises which file more than nine but less than 25 bonds in New York, is \$10 each; where there are 25 or more annually, \$7.50 each. All other licenses including chain stores with less than 10 bonds, the premium is \$20 each.

Where the beverage is consumed on the premises the premium is \$20 for \$250 bond; \$30 for \$500 and \$40 for \$1,000. Where chains file more than nine and less than 25 in New York state, the rate is 50 percent of the regular charge; where more than 25 are filed, the rate is 40 percent.

The commission is 10 percent to agents and brokers in New York City and 15 percent outside. General agents and branch offices get 15 percent in New York City. It is figured that about 40,000 licenses will be granted in New York.

Mr. Rathbone, who has become manager of the pool, has severed his connection with the National Surety.

### Companies Have Fine Run of Business on Beer Bonds

Surety companies are having an influx of new business now due to beer bonds having to be written. These cover distributors and the retailers. The rate is \$20 a thousand with exception of a few states like New York. In case of chain stores or railroad dining cars each separate unit is charged one-half of the first. Surety underwriters regard this as a very good business but they look up the retailers to see whether they are responsible. If bonds of brewers or importers in any state are held non-cancellable, the companies for the most part, will not write them.

### Single Surety Rule Set Aside

SALT LAKE CITY, May 24.—Attorney General Chez has ruled that the state may, if it desires, set aside its old custom of requiring an official to furnish a bond written by a single surety company.

The question arose in connection with the bond of the state treasurer-elect, who has not yet qualified for office because of his inability to furnish a bond acceptable to the state board of examiners. The attorney general held that so long as the treasurer's bond is furnished in the form of surety company obligations, it may consist of the pledges of several and distinct surety companies.

### Aetna Casualty's Big Bond

The metropolitan water district of southern California is building a big aqueduct to bring in water from the Colorado river to Los Angeles and the surrounding territory. Several long hard-rock tunnel contracts have already been let and there are more yet to be awarded. Several weeks ago the Aetna Casualty & Surety arranged the contract bond on the \$7,340,000 tunnel job undertaken by the Wenzel & Henoch Construction Company of Milwaukee. Since then more of the aqueduct has been let and the Aetna Casualty has again been given the opportunity to arrange the surety for the successful bidders.

### Working on Texas Statistics

NEW YORK, May 24.—The Towner Rating Bureau having been designated as special agent of the insurance commissioners of Texas to secure the experience of companies writing bank fidelity and bankers' blanket bonds in that state during the last five years, is at work upon the task. The common understanding among surety underwriters is that the record of both lines in Texas during the period has been far more severe than for the country as a whole.

## three important factors--

### Financial Statement

December 31, 1932

#### ASSETS

|  |                       |
|--|-----------------------|
| Cash in Offices and Banks.....                             | \$ 832,944.18         |
| United States Government Bonds.....                        | 2,117,325.05          |
| State, Municipal, Railroad and other Bonds and Stocks..... | 3,450,079.32          |
| Premiums in Course of Collection (under 90 days)....       | 659,213.29            |
| Accrued Interest.....                                      | 58,326.01             |
| Other Assets.....  | —3,212.12             |
| <b>Total Admitted Assets.....</b>                          | <b>\$7,114,675.73</b> |

#### LIABILITIES

|   |                   |
|---|-------------------|
| Reserve for Claims and Suits, Legal.....                      | \$2,337,910.00    |
| Reserve for Unearned Premiums.....                            | 1,496,246.40      |
| Reserve for Commissions on Uncollected Premiums.....          | 145,000.00        |
| Reserve for Taxes Due or Accrued.....                         | 64,000.00         |
| Reserve for Sundry Bills Due and Payable.....                 | 10,000.00         |
| Other Liabilities.....  | 25,853.43         |
| <b>Voluntary Additional Reserve for Claims and Suits.....</b> | <b>326,000.00</b> |
| <b>Contingency Reserve.....</b>                               | <b>749,499.37</b> |
|   | \$5,154,509.20    |
| Capital fully paid in.....                                    | \$1,000,000.00    |
| Net Surplus over all Liabilities.....                         | 960,166.53        |
|   | \$7,114,675.73    |

Surplus to Policyholders - \$1,960,166.53



Incorporated 1922  
Under the laws of the State of New York.

**EAGLE INDEMNITY COMPANY**  
Home Office: One Hundred Fifty William St., New York City

It isn't so much what the statement shows but what is back of it that should be of interest to an agent. There are three very important factors to be considered.

First, are the Claims Reserves adequate? The Legal Claims Reserves of the Eagle Indemnity Company amount to \$2,337,910 with an Additional Voluntary Reserve of \$326,000 approximately 83% of the Earned Premiums for 1932.

Second, has the Company ample liquid assets to meet its obligations? The EAGLE has Cash in Banks and Government Bonds amounting to \$2,950,269, more than sufficient to pay its Claims whether due or not.

Third, what further reserves are carried to place the Company on a true valuation of its Assets? The EAGLE has set up a Contingency Reserve of \$749,499.37.

Agents looking for a company with such service facilities, backed by financial stability of the highest degree, are invited to wire or write.

F. J. O'NEILL, President.



## Accident-Health Field News

### Hold Conference in Oakland

Joint Accident and Health Sales Congress Sponsored by East Bay Organizations

OAKLAND, CAL., May 24.—A joint accident and health conference sponsored by the East Bay Association of Insurance Agents and the East Bay Casualty Managers Association was held in Oakland with much the same program as at the San Francisco Sales Congress some weeks ago. The meeting was well attended by agents of the East Bay territory. The program included: B. R. Jones, manager accident and health department Maryland Casualty, "The Policy Contract and Provisions;" George Johnson, assistant manager U. S. F. & G., "Selection of Risks;" Wayne Millington, attorney, "Accident and Health Claims as a Sales Aid;" C. H. Linford, Travelers, "The Sale;" Stephen Chelbay, Commercial Casualty, "The Future and Opportunity of the Accident and Health Business." J. C. Aiken, president East Bay Casualty Managers Association, and Morris Marks, member of the board of the East Bay Association of Insurance Agents, were in charge of arrangements.

### Knight Is Cleveland Speaker

At the May meeting of the Cleveland Accident & Health Insurance Club, Gilbert H. Knight, past president, gave an interesting talk on the conservation of business on the books and methods of reviving lapsed business. He stressed the importance from many angles of devoting considerable time to this important phase of agency management. Arrangements were made for the club to attend in a body the annual meeting of the National Association of Accident & Health Managers at Pittsburgh, June 15-17. Membership of the Cleveland club is increasing rapidly and much interest is being shown in its activities.

### Detroit Club Closes Season

DETROIT, May 24.—Paul Garey, assistant secretary Commercial Casualty, was the guest of honor at the annual party of the Accident & Health Managers Club of Detroit, which brought its year to a close. The entertainment was planned and presented by H. C. Doble, Detroit manager Hooper-Holmes Bureau.

F. B. Reeghel, who operates a general insurance agency in Grand Haven, Mich., and is the author of a published plan of accident and health selling, gave a lecture and sales demonstration.

### Takes Monthly Premium Business

The National Casualty has taken over all the monthly premium business of the Independence Indemnity and Commonwealth Casualty.

### Gets Treasury Department Group

DETROIT, May 24.—The National Casualty has through Long & Curry, general agents in Washington, written a group accident and health contract for the United States Treasury Department.

### Test Audit Shows Premium Too Low

(CONTINUED FROM PAGE 39)

payroll and \$678 premium. The notation was that aside from difference in payroll, the test audit clearly indicated that a substantial part of the payroll assigned to clerical office and salesmen's

classifications, should have been assigned to the governing classification.

On the fourth risk, a manufacturing plant, the company's audit showed \$190,105 payroll and \$739 premium, but the test audit, \$221,893 payroll and \$1,322 premium. In addition to the payroll discrepancy, the test audit developed the fact that salesmen delivering goods by means of automobiles had been classified improperly.

The fifth risk was an oil distributing company. The carrier's audit showed \$159,156 payroll and \$993 premium, whereas the test audit showed \$163,662 payroll and \$1,148 premium. This audit indicated that payroll assigned to the

clerical force should have been assigned to the classification "oil or gasoline distributing."

Men in the field freely comment that the companies are losing a great amount of premiums because of faulty payroll audits and improper classifications. Many causes are assigned. There have been instances of agents or brokers conniving with assureds to conceal a substantial part of the payroll.

In one such case the discrepancy in premium amounted nearly to \$15,000 over a four year period and the agent's contract was canceled after the assured paid a large part of this back premium in a lump sum and gave a note for the

remainder. In many other cases the assureds concealed the facts without assistance from outside sources and in some cases it is believed the companies' own payroll auditors juggle the figures.

It is quite common for a rating bureau to run across inconsistencies in audits, frequently the number of clerical employees and their payroll far exceeding those in the more hazardous parts of the business. Many of these cases are turned back and often it is found there has been some juggling. In one trucking concern, for instance, whose audit showed about 50 clerks and only 45 drivers, the discrepancy was easy to spot.



NATIONAL  
SERVICE  
on  
Automobile  
Plate Glass  
Burglary  
Public  
Liability  
Compensation  
Accident and Health  
Insurance  
and  
Fidelity and Surety  
Bonds

Capital  
\$1,000,000

Surplus  
to  
Policyholders  
\$1,602,894

Assets  
\$4,159,224

Central Surety Principles of  
CONSISTENCY IN UNDERWRITING  
CONSERVATISM IN MANAGEMENT

Add to the Security and Progress of  
Central Surety Agents



CENTRAL SURETY  
AND INSURANCE  
CORPORATION

KANSAS CITY,

MISSOURI

DENNIS HUDSON, President

# STRENGTH!

The Story in One Word of the  
Provident's Financial Condition

**\$1.36 OF ASSETS FOR  
EVERY \$1.00 OF LIABILITY**

More than 45 years in business. Rated "A" (excellent) each year, including 1933, by the Alfred M. Best Company. Accident and health premium income of \$3,600,000.00 in 1932. One of the leading accident and health companies of the United States. Operates from coast to coast.

**COMPLETE ACCIDENT AND HEALTH SERVICE**  
Full line of commercial, automobile accident and monthly premium policies.

**THE PROVIDENT**  
LIFE AND ACCIDENT INSURANCE COMPANY

Chattanooga, Tennessee

*With our Contract—  
you would undoubtedly  
do more Automobile business!*

**ILLINOIS  
CASUALTY  
COMPANY**  
*Springfield*

ILLINOIS, INDIANA, IOWA,  
MICHIGAN, MISSOURI

*For Open Territory—A-1 Agents*

WRITE  
**P. W. PICKERING**  
Secretary

## Cullen National Surety President

(CONTINUED FROM PAGE 37)

New York City office of the Hartford Accident and subsequently joining the metropolitan department of the Fidelity & Deposit. His success as a business producer was such that he was named resident manager of the company, so continuing until five years ago, when Mr. Joyce induced him to accept the vice-presidency of the National Surety under most attractive terms. A hard worker, and with the faculty of injecting the personal element into every business relationship, Mr. Cullen stands today in the front rank of Metropolitan department officials.

Mr. Allen is favorably known to the agency fraternity, having served as president of the National Association of Insurance Agents. His connection with the National Surety dates from 1926, when he was induced to surrender his local agency at Helena, Ark., to assume the vice-presidency of the company. Two years ago he was elected its president.

Commenting upon the official changes in the corporation Mr. Allen said:

"Mr. Cullen and I have worked very closely together for the past five years and we speak the same language. He has done a splendid job in the greater New York department and his selection to succeed Mr. Joyce is perfectly logical and proper. I shall be happy indeed to work alongside of him in mapping the course of the new corporation."

"Mr. Cullen is a dyed-in-the-wool agency man, and as soon as we can find the time, we will take a short swing around the field where he can meet the agents and inspect our offices at short range."

Commissioner Hobbs of Kansas is not entirely satisfied with the setup of the newly organized National Surety and may offer some objections to the new company being finally admitted in that state. No final action will be taken by Mr. Hobbs until the meeting of the commissioners in Chicago June 1 when the National Surety case will undoubtedly be discussed.

Mr. Hobbs states he has found at least three items upon which he is preparing to demand additional information before granting a full license to the new company.

His first objection is that the new company has assumed full liability for all foreign claims and is denying liability on many claims of policyholders in the United States.

His second objection is that the new company is taking over all the good assets of the old company in the reorganization plan and leaving only the doubtful assets in the hands of the receivers to meet the claims of policyholders.

The third objection, he states, is that there is no assurance that the new directorate will not be in the stock and bond market as speculators. There are 18 of the old directors on the board of the new company and the record discloses, according to Mr. Hobbs, that in a late year the company speculated to the extent of \$5,000,000 in stocks and bonds with a net loss aggregating \$1,555,000.

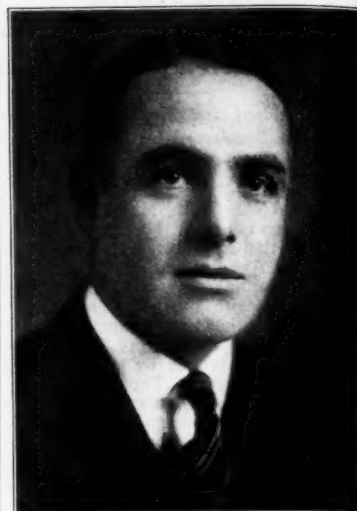
Mr. Hobbs has written many commissioners calling their attention to these points and asking that they make further examinations of the plan before final approval is given.

The new National Surety has qualified in Alabama. L. A. Porter, Montgomery, is state agent.

The circuit court at Birmingham has appointed E. Crampton Harris and M. Ray Simpson temporary receivers of the assets in Alabama of the old National Surety and its subsidiary, the Greyling Realty Corporation. The court set the hearing for permanent receivership and further proceedings for June 3.

Appeal will be taken by the Kenlon Coal Company from the decision of Su-

## Will Preside



PHILIP W. DOWNS, Omaha

P. W. Downs, president of the Nebraska Association of Insurance Agents, will preside over the annual meeting this week at Fremont.

preme Court Justice Valente of New York in approving the rehabilitation program of the National Surety.

Commissioner Clark has been appointed by District Court Judge Ladd as receiver in Iowa for the old National Surety Company.

At the request of Commissioner Read Edward Box, Oklahoma City attorney, has been appointed ancillary receiver in Oklahoma for the old National Surety. The company has no mortgage guarantee bonds in the state, Mr. Read said.

## THE NATIONAL of Detroit

*Time Tested and Time Proven*

### LINES WRITTEN

Accident and Health  
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Plate Glass  
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Property Damage and  
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Burglary, Robbery and  
Holdup  
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**NATIONAL  
CASUALTY  
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Home Office

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## CHANGES IN CASUALTY FIELD

### C. S. Ashley, Jr., Is Advanced

**St. Louis Manager of Maryland Casualty Is Made Resident Vice-President of Company in That City**

ST. LOUIS, May 24.—C. S. Ashley, Jr., for the past five years resident manager here for the Maryland Casualty, has been elected resident vice-president and will continue in charge of the St. Louis district, which includes all of St. Louis, southeastern Missouri and southern Illinois.

Mr. Ashley started his insurance career in 1910 as a member of the agency of Charles S. Ashley & Sons, New Bedford, Mass., his native city. He was born in New Bedford about 40 years ago and has spent his entire business career in insurance. His father, head of the agency firm, has been mayor of New Bedford for 25 years.

About five years ago Mr. Ashley came to St. Louis to become manager of the office here. During his administration the business of the office has been doubled.

### C. L. Gibbons Now Resident Manager of Chicago Branch

Charles L. Gibbons has been advanced from assistant resident manager of the Maryland Casualty in Chicago to resident manager there. He succeeds J. P. Keever, who is made resident vice-president in Chicago.

Mr. Gibbons has been connected with the Maryland Casualty 13 years, having started in the home office training school in 1919, after leaving the army. He was assigned to Chicago in 1920 and a few years later was made manager of the casualty department there. He has been assistant resident manager for about two years.

### S. E. Small Heads Norwich Union Claim Department

Stanton E. Small has been appointed superintendent of the claim department of the Norwich Union Indemnity to succeed Paul H. Guilfoil, resigned, and E. J. Brandt has been appointed superintendent of claims at the New York city office to succeed Mr. Small.

Mr. Small attended the University of Maine and Boston School of Law, from which he was graduated in 1923, being admitted to the bar in Maine that year. He then joined the Fidelity & Casualty in claim work at the home office, remaining there until 1929, when he joined the Norwich Union Indemnity. After a brief period in the home office, he was appointed superintendent of claims at the New York city office.

Mr. Brandt has been assistant superintendent of claims at the New York city office for several years and has been with the company since 1925. Prior thereto he was employed in the New York claim departments of the United States Casualty, Ocean Accident and Standard Accident.

### Joins Western & Southern

W. K. Baird, formerly special agent for the California state compensation fund and prior to that casualty underwriter for the Constitution Indemnity and Indemnity of North America, has been appointed special representative for the Western & Southern Indemnity. He will make his headquarters in Cincinnati.

### Cunningham Succeeds McGary

S. J. Cunningham has been appointed manager of the accident and health department of the Los Angeles branch office of the Commercial and Metropol-

itan Casualty, filling the vacancy created by the resignation of E. W. McGary to become manager of the Monarch Life. Mr. Cunningham has been with the group five and a half years, in charge of both casualty and accident and health underwriting for the Los Angeles office.

### Zeiger Joins N. J. Bureau

N. A. Zeiger has been appointed statistician of the Compensation Rating

& Inspection Bureau of New Jersey, succeeding the late E. A. Healy. Mr. Zeiger was with the bureau from 1921 to 1928 as chief engineer but left to go into the engineering field for himself, where he did considerable work for the General Reinsurance.

### Casualty Changes Notes

R. G. Clarke has been appointed surety manager for Seeley & Co. of Seattle. He has been manager of the Glens Falls service office since 1930. He entered insurance in 1921 with the Travelers.

The Standard Surety & Casualty of New York has appointed the Fleming-DeLeuil Insurance Agency Louisville, as its Kentucky general agent.

since early in January in the institution. During his absence George W. Updyke, assistant manager, has been in charge.

Miss Lorene Conner, one of the leading producers of the Lyle Stephenson agency, has been elected president of the Women's Chamber of Commerce of Kansas City.

R. J. Sullivan, vice-president of the Travelers, has returned to his office in Hartford after several weeks' absence due to severe illness. Mr. Sullivan is an acknowledged authority in casualty lines.

Richard H. Thompson, vice-president in charge of agency and production matters for the Maryland Casualty, is now visiting and contacting with all of its general agents and branch offices throughout the east and southeast and meeting many local agents.

Mr. Thompson feels that the casualty and bonding business has not been pushed as much as it should have been for many months, so he is trying through his visits to get the agents and brokers not only to campaign again for such business with the old time, tried and trusted plans, but also to work with several new ones his company has been trying out in a limited way in certain

## CASUALTY PERSONALS

A. H. Stofft, associate agency manager of the Ocean Accident, was in Kansas City and Kansas this week completing the last leg of a trip that has taken him to the company's general agencies and branch offices in the District of Columbia, Virginia, Kentucky, Ohio, Indiana, Illinois, Minnesota, Wisconsin, Iowa, Nebraska, Missouri and Kansas. Business is showing definite improve-

ment in spots, Mr. Stofft said. He returns to the east about June 10.

John W. Callahan, manager of the casualty department of the Travelers in Detroit, is recovering from his second operation since the first of the year and is expected back at his desk shortly. He will leave the hospital next week after having spent most of the time

## FROM THE DAY IT WAS ORGANIZED

the fidelity suretyship issued by the **AMERICAN SURETY COMPANY** has been safeguarding the assets of all kinds of financial and mercantile business enterprises. It issued its first fidelity bond on **APRIL 14, 1884.**

**LICENSED IN ALL STATES,** the American Surety Company is able to render service second to none, before and after a loss occurs.

Complete service, experience and a reputation for prompt and equitable settlement of obligations, are reasons why insurance agents and brokers should place their fidelity suretyship and other surety bonds and casualty insurance with

**American Surety Company  
of New York**

**HOME OFFICE: 100 BROADWAY  
NEW YORK, N. Y.**

**OUR FIFTIETH YEAR**



## MAY - and the Wide Open Road

The Marry Month of May! White ribbons on automobiles. White ribbons of roads stretching in a network over the country. Once again, it's time to go places and do things.

Most enticing, most popular, of all the routes this season is the newly-paved Road to Prosperity. The route number, in case you have failed to note it, is U. S. 1933.

Agents in unassigned territory who are planning to go places and do things in the casualty insurance field this year, and are seeking a new company connection, are cordially invited to write for details of what Ohio Casualty has to offer.

There are reasons for our steady progress in the face of adverse business conditions. Let us tell you about them.



## THE OHIO CASUALTY INSURANCE CO.

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Full Coverage Automobile  
Automobile Accident Liability Plate Glass  
Burglary Fidelity and Surety Bonds

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EXCESS COVERS  
REINSURANCE

THE  
EXCESS  
INSURANCE COMPANY  
OF AMERICA

JAMES GIBBS, President

Executive Offices:  
10 CEDAR STREET  
NEW YORK CITY  
NEW YORK  
Telephone: Whitehall 4-0050

territories, to see if sound and productful, and having proven so, it is now willing to endorse them for general use. Further, Mr. Thompson feels that new conditions have created new business which is not being sought and should be.

President J. A. Nelson of the New

Amsterdam Casualty will visit Chicago next week for the first time in a number of years, to attend the meeting of the National Convention of Insurance Commissioners. He will be accompanied by members of his family and they will visit the Century of Progress Exposition during their stay.

## WORKMEN'S COMPENSATION

### New Rates for Relief Work

#### Revamp Kansas Compensation Schedule Because of Excessive Losses on Part-time Emergency Workers

TOPEKA, KAN., May 24.—A new Kansas compensation schedule has been filed for workers of public institutions who are employed under the emergency relief funds of the federal and local governments. The compensation insurance has been written at the regular rates and the companies have discovered that the claims are entirely out of proportion to the premium income on this business.

It developed that the workers were employed only two and three days a week but when there were claims it was upon the basis of a full week's pay. Also the losses have been exceptionally heavy because so many of the men were not accustomed to the type of labor and were injured easily and more frequently than ordinary workers.

The new schedule provides that the rate shall be on a per capita basis instead of on payrolls for all these emergency workers. The rate is not changed as to amount but is to be figured on the total number of men employed instead of the total payrolls each week.

The Kansas department has not approved the new rate, as the compensation commissioner is preparing to hold that these workers are employed by the federal government and do not come under the compensation law.

### Oklahoma Board Studying Rates for New State Fund

OKLAHOMA CITY, May 24.—Beginning July 1, the state industrial commission will take up administration of the new state compensation fund provided for by the last legislature.

The state insurance board, which under the law is the rate making body for the commission in handling the new state insurance, has begun a study of rates. In compiling the schedule of rates the board must eliminate the employers' liability factor and take into consideration only compensation elements.

The insurance board's greatest grief in handling insurance matters has always been in fixing compensation rates. Commissioner Read believes that this should be done by the industrial commission, as a part of its duty in connection with making awards of compensation. In this way the same body could justify one with the other.

### Want Facts Behind Blunt's Attack on "Insurance Men"

NEWARK, May 24.—The assertion made by Labor Commissioner Blunt of New Jersey, that "certain insurance men

are responsible for the high fees paid consistently to doctors" in workmen's compensation awards in New Jersey has caused quite a stir among claim men. The matter has been brought to the attention of the National Bureau of Casualty & Surety Underwriters, and W. P. Cavanaugh, manager of the claim department of the bureau, says if Col. Blunt's assertions are true, the insurance companies have a right to know more details, particularly if the companies are members of the bureau. The bureau, Mr. Cavanaugh says, is always ready and willing to cooperate with any body which will weed out any wrongdoers in the workmen's compensation field or any other field.

The statement that "certain insurance men" were implicated in irregularities in the compensation field in New Jersey has been made on several occasions, but no evidence has been presented to any body of insurance men to support the charges.

### Not Covered by Act

MADISON, WIS., May 24.—A workman who contracted an occupational disease before the workmen's compensation law became compulsory is not entitled to compensation, according to a Wisconsin supreme court ruling. William Campion worked for the Montello Granite Company and became ill from grippe and influenza two days before the Wisconsin compulsory act went into effect in 1930. The year before Campion had developed symptoms of what afterwards proved to be pneumoconiosis. The disease was aggravated by the grippe and reached such an advanced stage that Campion has been unable to return to his work. The industrial commission held that at the time of his disability the employer was under the act, but the supreme court reversed the decision, holding that Campion contracted the disease before the act was effective and not in the few days he worked after that. It had been expected that the supreme court would pass on the constitutionality of the compulsory features in the case.

### Plans for Counsel Meeting

Announcement is made that the annual meeting of the International Association of Insurance Counsel will be held in Chicago Aug. 24-26. The Stevens hotel will be headquarters. Members are urged to make reservations at an early date. Those who desire to attend the American Bar Association meeting can do so conveniently because that convention is to be held at Grand Rapids, Mich., beginning Aug. 30.

The plan is to hold all sessions in the mornings and recess in the afternoons so that delegates may attend the world fair. The dinner dance will probably be held the evening of Aug. 24 and there will be a golf tournament at one of the country clubs.

**New Amsterdam**  
Casualty Company

A Progressive Surety and Casualty Company



# You will find your General Agent has a sympathetic understanding of your problems. See him today.

This cooperative goodwill campaign which explains the advantages of the General Agency plan is fostered by the General Agents whose names are listed. Each of these is a member of the American Association of Insurance General Agents. Their duties are purely supervisory.

THESE GENERAL AGENTS DO NOT COMPETE WITH LOCAL AGENTS

## ALABAMA

HURT & QUIN, INC.  
Atlanta, Ga.

## ARKANSAS

COATES & RAINES, INC.  
Little Rock, Ark.

TREZEVANT & COCHRAN  
Dallas, Tex.

## FLORIDA

HURT & QUIN, INC.  
Atlanta, Ga.

## GEORGIA

HURT & QUIN, INC.  
Atlanta, Ga.

## ILLINOIS

M. L. LINTON & COMPANY  
St. Louis, Mo.

## KANSAS

KANSAS UNDERWRITERS  
Wichita, Kans.

## KENTUCKY

BRADSHAW & WEIL, GEN. AGCY., INC.  
Louisville, Ky.

SNYDER BROS. GENERAL AGENCY  
Louisville, Ky.

## LOUISIANA

TREZEVANT & COCHRAN  
Dallas, Tex.

## MICHIGAN

A. J. HOLSTEIN GENERAL AGENCY  
Detroit, Mich.

## MINNESOTA

ENCK & LINNELL, INC.  
Minneapolis, Minn.

## MISSOURI

KANSAS UNDERWRITERS  
Wichita, Kans.

M. L. LINTON & COMPANY  
St. Louis, Mo.

## NEW MEXICO

TREZEVANT & COCHRAN  
Dallas, Tex.

## NORTH DAKOTA

WESTERN SURETY AGENCY, INC.  
Sioux Falls, S. D.

## OHIO

G. L. RAMEY AGENCY, INC.  
Dayton, Ohio

## OKLAHOMA

AMERICAN AGENCY CO.  
Tulsa, Okla.

KANSAS UNDERWRITERS  
Wichita, Kans.

TREZEVANT & COCHRAN  
Dallas, Tex.

## SOUTH CAROLINA

HURT & QUIN, INC.  
Atlanta, Ga.

## SOUTH DAKOTA

JOHN M. COGLEY, INC.  
Sioux Falls, S. D.  
WESTERN SURETY AGENCY, INC.  
Sioux Falls, S. D.

## TEXAS


CRAVENS, DARGAN & CO.  
Houston, Tex.

TREZEVANT & COCHRAN  
Dallas, Tex.

## WISCONSIN

C. P. HELLIWELL  
Milwaukee, Wis.

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Though more than 50 years old, the Lloyds has never been hampered by age-old traditions. New, more efficient methods have always been adopted, but all tried, proven practices have been retained. The result is a company that is modernly progressive yet safely conservative.

# LLOYDS INSURANCE COMPANY OF AMERICA

CONSOLIDATION OF LLOYDS CASUALTY COMPANY, CONSTITUTION INDEMNITY COMPANY, DETROIT FIDELITY AND SURETY COMPANY

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